



# L&G WorkSave Pension Plan

Statement of Investment Principles



# Introduction

Our Statement of Investment Principles (SIP) for the WorkSave Pension Plan (WPP) explains how we look after your pension savings.

It outlines:

- Our goals
- The kinds of things we invest your money in
- How we keep your money safe
- Who makes decisions

We have split this document into eight sections:

1. [Our Investment Objectives](#)
2. [Our Investment Beliefs & Principles](#)
3. [Our Default Investment Options](#)
4. [Our Self-Select Investment Options](#)
5. [Our Approach to Investment Risks](#)
6. [Our Governance Framework](#)
7. [Who's who](#)
8. [Glossary](#)

The use of “we”, “us” and “our” refers to Legal & General.

This document does not apply to investments held within our Self-Invested Personal Pension (SIPP) which is offered by some employers alongside the WPP.

We have also produced an accompanying document called “Your guide to how your funds are managed”. You can find it here: [Your guide to how your funds are managed – The WorkSave Pension Plan and WorkSave Mastertrust](#).

We review this SIP every three years or more often if there have been significant changes to the investment strategy, legislation, or the demographics of the WPP’s savers. This SIP was approved by our Fund Risk Oversight Committee (FROC) at a meeting held on December 16th 2025.

# 1. Our Investment Objectives

Our main goal is to help you build a secure retirement by offering a carefully chosen range of investment options.

## Our Default Investment Options

Our default investment options are designed to help most savers grow their pension savings safely, whether they are just starting out or getting close to retirement. Experts manage your money by putting it into a mix of different investments. This mix normally changes over time to match your age and how close you are to using your savings, so your money is looked after as your needs change.

The default option is built to reduce the complexity of decision-making, by providing an option to work well for most people. However, people have different investment needs. Because of this, the default option won't necessarily be the best option for you. You may benefit from selecting an alternative fund or seeking financial advice to ensure your investments are suitable for your individual needs.

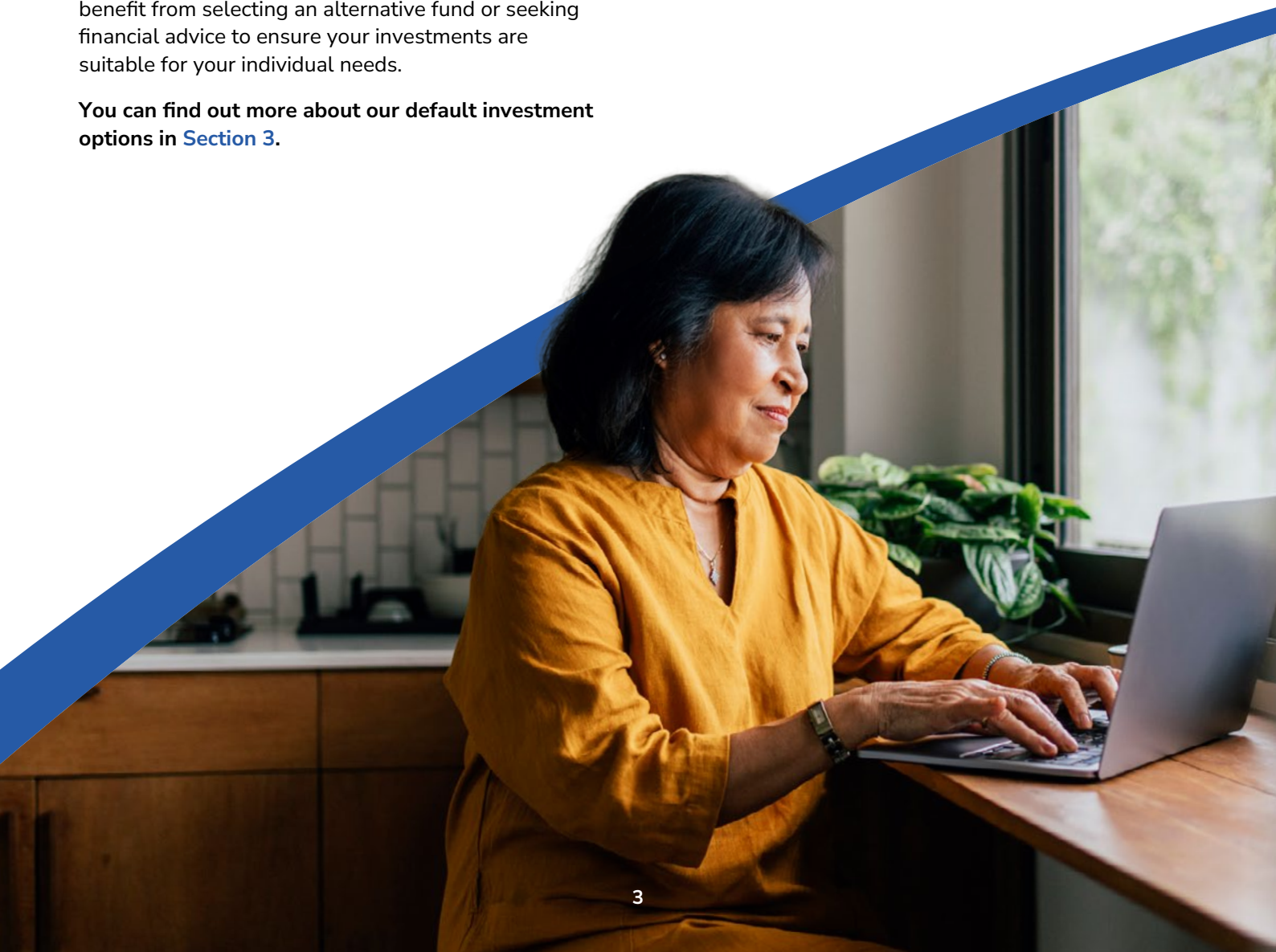
**You can find out more about our default investment options in [Section 3](#).**

## Our Self-Select Investment Options

If you want more control, you can choose your own investments from a range of options. These self-select choices let you pick funds that match your own needs, beliefs, or faith. This way, you can build a savings plan that fits what matters most to you based on your investment objectives.

**You can find out more about our self-select investment options in [Section 4](#).**

We regularly review all our investment options to make sure they continue to work well for savers at different ages and stages during their retirement savings journey. No matter which path is chosen, we aim to make sure savers get good value for their money.



## 2. Our Investment Beliefs & Principles

Our investment beliefs are a set of ideas that help guide how we look after your money. They explain what we think is most important to consider when choosing where to invest your money, how to grow your savings, and keep them safe.

Our investment principles are a set of rules that help us decide how to invest your money in a way which is consistent with our beliefs.

Both our investment beliefs and principles are applied across our default investment options. We understand that you may not share the same beliefs which is why we offer a range of self-select investment options that let you pick funds that match your specific needs, beliefs, or faith.

| Feature                 | Belief                                                                                                                                                                                                                                                                                                             | Principle                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Time</b>             | We believe saving for retirement is a long-term objective, but it's also important to carefully consider the changing needs of savers as they approach retirement.                                                                                                                                                 | We regularly review the investment mix to make sure it fits what you need at different stages of your retirement savings journey. This means we look at how old you are, how many years you have until you retire, and when you might want to use your savings.                                                                                                                                                                        |
| <b>Diversification</b>  | We believe that putting your money into different types of investments helps it grow over the long-term and helps stop your savings from going up and down too much, especially as you get closer to retirement.                                                                                                   | <p>We put your money into different types of investments, like company shares, bonds, private markets, property, and cash. When you're younger, we use more investments that are expected to grow your money.</p> <p>As you get closer to retirement, we adjust the investment mix to better match how you are likely to start using your money.</p> <p>This helps your savings grow and keeps them safer when you need them most.</p> |
| <b>Asset Allocation</b> | We believe that choosing the right mix of different investments is one of the most important ways to help your money grow. We work hard to balance the chance for your savings to grow with the need to keep your money safe, by picking different types of investments that work well together for the long term. | We keep a close eye on different investment opportunities to help your money grow as much as possible over the long-term and seek guidance from an independent investment adviser to regularly check our approach.                                                                                                                                                                                                                     |

| Feature                      | Belief                                                                                                                                                                                                                                                                                                                                        | Principle                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Responsible Investing</b> | We believe that investing responsibly, by thinking about the environment, how companies treat people, and how they are run, helps your money grow and stay safe over the long term. By choosing investments that care about these things, we aim to deliver better results for you and help build a stronger sustainable future for everyone. | We always think about the environment, people, and fairness when choosing where to invest your money. We make sure that picking these kinds of investments is just as safe and good for growing your money as any other choice.                                                                                                                                                                                                                                                                                                                             |
| <b>Governance</b>            | <p>We believe that having strong rules and careful checks helps us make the best choices for your savings.</p> <p>Good governance means we always look after your money properly, so you can have the best chance for a secure retirement.</p>                                                                                                | Our Fund Risk Oversight Committee (FROC) and Independent Governance Committee (IGC) regularly check to make sure your money is managed properly, consistent with our principles, and that you are receiving good value for your money.                                                                                                                                                                                                                                                                                                                      |
| <b>Risk &amp; Return</b>     | We believe there is a link between investment risk and investment return and that taking informed and rewarded risks can help savers grow their money over the long-term. It's important to balance these risks, especially as savers approach retirement.                                                                                    | <p>We carefully manage different types of investment risks, like market ups and downs, inflation, and changes in currency exchange or interest rates, with the goal of growing your money as much as possible over the long term. We combine all our investment principles to guide these decisions.</p> <p>When you have many years before retirement, we focus more on growth, knowing you have time to recover from any losses. As you get closer to retirement, we adjust our approach to help keep your savings safer and give you more certainty.</p> |

## Investment types

We ensure that the investment options offer a balance between different asset classes and markets covering a range of risk profiles. We achieve this by providing access to a range of funds managed by L&G Asset Management as well as other selected fund managers.

We usually consider the following asset classes (investment types) as part of a diversified portfolio for the investment of savers' pension savings:

- Company shares (listed equities)
- Bonds (debt issued by governments or companies)
- Cash and other short-term interest-bearing deposits
- Commercial and residential property
- Private market investments

We may consider employer-specific requests to add other types of investments. This requires the employer to obtain independent investment advice, which we review with our investment advisor before making any changes.

## Expected returns on investments

We believe that it is important to balance investment risks with the potential long-term returns from different types of assets in which funds invest (taking into account charges and costs).

When deciding on the investment options made available to members, we acknowledge the expected return on such investments and are mindful to offer a range of funds with varying levels of expected risk and return for members to choose from.

The available investment options cover a variety of asset classes, with many (including our default investments) expected to keep pace with, or exceed, inflation over the long-term.

## Non-financial factors

Some members hold strong personal views or religious convictions that influence where they believe their pension pot should or should not be invested. These non-financial factors may include ethical considerations, views on social and environmental impact and concerns about present and future quality of life for members and beneficiaries.

Members' potential preferences are considered when assessing the suitability and selection of the investment options and choice of funds, as well as the retention and realisation of investments.

However, reflecting every individual viewpoint is not practical given the many different opinions across the large membership of the WPP.

In addition to funds which consider the investment risks related to environmental, social and governance (ESG) factors, we make available a choice of ethical and faith-based funds for members who hold stronger views in these areas. This includes the L&G Islamic Lifestyle Profile. This aims to grow members' pension pots while adhering to the principles of the Islamic faith and Sharia law, for example, by avoiding investment in alcohol, weapons manufacturing and interest-bearing securities. Separate Shariah-compliant funds are also available in the self-select investment options.

Non-financial factors can affect investment risks and funds may underperform when compared to funds with broader-based investment approaches. However, the primary aim is to help members have the best opportunity to achieve good long-term investment outcomes. As such, fund managers are expected to prioritise the investment case and then assess non-financial factors in the selection, retention and realisation of investments.

## Responsible investing

### Overview

We share the core belief of both L&G Asset Management and the wider L&G Group that environmental, social and governance (ESG) factors are financially material. Responsible investing is the incorporation of ESG considerations into investment decisions, and this is required in risk management and mitigation, identification of investment opportunities, and in the targeting of long-term investment returns.

Due to the structure of the funds offered, the investment managers are responsible for how ESG is applied at a fund level. Additionally, investment managers are responsible for engagement with companies, regulators, and policymakers and the exercising of voting rights. This is known as 'investment stewardship', and is how managers use their influence with the companies they invest in, to encourage good management, responsible behaviour, and long-term decision-making.

In our capacity as an 'asset owner' we ensure responsible investing is considered in our broader governance and oversight of default arrangements, of individual funds offered outside of default arrangements, of investment managers, and through customer engagement on responsible investing matters.

More information on our approach to responsible investing and consideration of ESG factors can be found at [legalandgeneral.com/esghub](https://legalandgeneral.com/esghub).

We expect investment managers to take responsible investing considerations into account, and we ask several due diligence questions relating to responsible investing and ESG factors as part of our fund governance process. Our independent investment adviser also takes ESG and responsible investment into consideration when reviewing the funds available to savers.

We endeavour to produce disclosures regarding fund sustainability characteristics in compliance with all relevant regulations, and we monitor regulatory developments. This includes regulations as captured in the [FCA ESG Sourcebook](#). In line with recommendation within the ESG sourcebook we also publish climate related financial disclosures on an annual basis, available on our [Task Force on Climate Related Financial Disclosures \(TCFD\) website](#).

## Responsible investing in the default arrangements

Responsible investing is explicitly considered within our default arrangement (the Lifetime Advantage Funds) and also the approved alternative default (Target Date Funds) as listed in the '[Overview of the Legal & General default arrangements](#)' sub-section of section 3 of this document. Both strategies are managed by L&G Asset Management and the incorporation of ESG considerations can be summarised under the following approaches:

- **Engagement**, meaning our asset management business using its influence (also known as stewardship) to identify and improve on important ESG issues with policymakers and in the companies it invests in. An example of this is L&G's Climate Impact Pledge, an annual climate engagement programme which assess around 5,000 companies worldwide across 20 climate-critical sectors. Please see the '[Stewardship](#)' section below for more information.
- **Exclusions**, meaning our asset management business setting certain minimum standards that companies must meet. If a company fails to meet these standards, we will not invest in it. This includes companies involved in controversial weapons, companies that do not comply with the United Nations Global Compact principles, and companies that exceeds set revenue limits relating to involvement with thermal coal or oil sands.
- **Enhancements**, meaning our asset management business assessing and scoring companies they invest in based on certain ESG measurement areas, which allows them to monitor companies and identify areas for improvement. This approach can also include investing more in companies with higher ESG scores and less in companies with lower scores – also known as 'ESG tilting'.

For our main default funds and some other commonly used multi-asset funds, we publish fund overview documents at [legalandgeneral.com/esghub](https://legalandgeneral.com/esghub), providing further detail on the investment exposure and on the responsible investing approach, including what is and is not considered in the investment design.

## Responsible investing outside of the default arrangement

In addition to funds which consider the investment risks related to responsible investing factors, we offer self-select funds which apply a variety of different techniques to incorporate ESG factors. This includes funds which:

- Apply broad exclusions, such as the exclusion of certain industries, practices or companies. This is sometimes called negative screening.
- Apply L&G's 'minimum standards', as defined above under 'Exclusions'.
- Apply L&G's Climate Impact Pledge, as defined above under 'Engagement'
- Apply an 'ESG score and tilt' approach, whereby companies are assessed on certain ESG metrics which allows us to allocate money towards, or away from certain companies based on their overall score across 32 ESG metrics. This is sometimes called positive screening.
- Invest in sustainable themes and companies.
- Apply Islamic investing principles, as defined above under 'Non-financial factors'.

More information on the approaches above, including fund-specific information about the ways that widely available funds explicitly incorporate ESG, can be found in the Responsible Investing guide, available at [legalandgeneral.com/esghub](https://legalandgeneral.com/esghub).

Internal funds (those managed by L&G Asset Management) or external funds (those managed by other investment managers) may be excluded, removed, or closed on ESG grounds alone in alignment with our Responsible Investment policy and to ensure we are compliant with regulations within the [FCA ESG Sourcebook](#).

## Stewardship

For internal funds, an active ownership approach is applied, with the goal of creating sustainable value for members and clients. Active ownership is the approach used to identify investment opportunities which help address complex global issues such as climate change, healthcare, and fair pay.

Our asset management business produces an active ownership report annually, which we then adapt and summarise for members of our Workplace Pension schemes – this report is available on the ‘Taking Action’ section of our ESG Hub, at [legalandgeneral.com/esghub](https://legalandgeneral.com/esghub).

Alongside the active ownership approach, our asset management business has also designed a targeted climate engagement programme known as the ‘Climate Impact Pledge’ (CIP), which assesses global companies across 20 climate-critical sectors, as well as assessing climate commitments and efforts to limit carbon emissions, one of the key greenhouse gases, to net zero by 2050. Where concerns are found and companies do not meet minimum CIP standards, our asset management business may vote against a company activity or policy. Our asset management business also produces a CIP report annually, which we then adapt and summarise for members of our Workplace Pension schemes – this report is available on the ‘Environment’ section of our ESG Hub, at [legalandgeneral.com/esg-workplace/environment](https://legalandgeneral.com/esg-workplace/environment).

For our main default funds, we also offer access to the Tumelo platform through your online account. Once you have registered and signed in to manage your pension account online, Tumelo lets you tell Legal & General how you would vote on issues like diversity and inclusion, climate change, senior management pay and human rights. This means that your voice is heard by our asset management business’ Investment Stewardship team, who can consider your responses when they then vote on your behalf.

Funds that are managed by external fund managers may take a different approach to active ownership. Our independent investment adviser monitors the stewardship policies of all investment managers when reviewing the funds available to savers and provide us with responsible investment benchmarking as part of our broader fund governance and monitoring via the Fund Risk Oversight Committee (see section 5).

## Responsible investing governance and operational framework

All of the funds that we offer are pooled funds. This means your money is combined with other investors’ money in one large fund. This means it is not possible to adopt a personalised or bespoke approach for individual investors when it comes to financial or responsible investing factors, including ESG. However, as explained above, implementation of the approaches taken by investment management firms (including L&G Asset Management) is factored into the governance work undertaken by our independent investment adviser and considered in the fund governance processes used for onboarding new funds to the platform.

Funds offered will generally be aimed at generating long term investment returns (with some specific exceptions, particularly for certain asset classes). However, consideration is given to the range of members’ ages and how many years individual members have until retirement, as well as the point at which they can access their benefits and when they have indicated they will do so. The use of target date funds in the default arrangement means that these differing time horizons are inherently managed by our asset management business, which is of particular importance where both the risks and opportunities associated with ESG factors may not materialise over shorter periods. For funds outside of the default arrangement, we aim to clearly explain the risks and characteristics of each fund across our investment literature.

There is an expectation that investment managers will consider the extent to which ESG issues, including climate risk where relevant, are integrated into investment processes. Additionally, for actively managed funds (where the investment manager picks specific stocks) to take financially material considerations into account when selecting which companies and markets to invest in. We recognise that for index-tracking funds which invest by simply following an existing index, the funds’ objectives are to deliver returns in line with their benchmarks which may or may not consider ESG factors (although we do offer several funds which track benchmarks which do explicitly consider ESG factors in the index design and construction process).

For internally managed funds, L&G Asset Management has documented numerous policies, as summarised below:

| Policy Title                                                               | Category       | High-Level Summary                                                                                                                                                |
|----------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Health Policy</b>                                                       | Health         | Addresses antimicrobial resistance and nutrition as systemic risks affecting financial returns; sets expectations for company disclosure, engagement, and voting. |
| <b>Nature Policy</b>                                                       | Nature         | Explains nature-loss as systemic risk and outlines stewardship framework (deforestation, circular economy, water, biodiversity).                                  |
| <b>Natural Capital Management Policy</b>                                   | Nature         | Defines approach to assess and engage on companies' impacts and dependencies on nature to improve data quality and disclosures.                                   |
| <b>Human Rights Policy</b>                                                 | Human Rights   | Aligns with UN Guiding Principles; requires investee companies to identify, prevent and remedy human rights harms.                                                |
| <b>Diversity Policy 2023</b>                                               | Diversity      | Advocates for wider board and workforce diversity to enhance governance, resilience, and returns.                                                                 |
| <b>2023 UK Stewardship Code Summary</b>                                    | Stewardship    | Demonstrates how the UK Stewardship Code is applied via governance structure, resourcing, and reporting.                                                          |
| <b>Climate Governance Guide</b>                                            | Climate        | Guides boards to embed climate accountability, targets, expertise, and TCFD-aligned disclosure.                                                                   |
| <b>Coal Policy</b>                                                         | Climate/Energy | Excludes thermal coal and oil sands assets to align with Paris Agreement and reduce climate risk.                                                                 |
| <b>Controversial Weapons Policy</b>                                        | ESG/Weapons    | Prohibits investment in producers of landmines, cluster munitions, chemical or biological weapons.                                                                |
| <b>Equal Voting Rights</b>                                                 | Governance     | Encourages US companies to adopt 'one share, one vote' or hold periodic votes on dual-class structures.                                                           |
| <b>Deforestation Policy</b>                                                | Nature         | Commits to addressing global deforestation risks; integrates UN COP26 pledge and stewardship engagement.                                                          |
| <b>Japan Corporate Governance &amp; Responsible Investment – July 2025</b> | Governance     | Sets expectations for Japanese companies on board structure, ESG integration, shareholder rights and disclosures.                                                 |
| <b>Global Corporate Governance &amp; Responsible Investment Principles</b> | Governance     | Defines universal expectations for boards on ESG governance, transparency, sustainability, and rights.                                                            |

| Policy Title                                                                                                | Category       | High-Level Summary                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Climate Change Policy</b>                                                                                | Climate        | Commits to supporting transition to net zero by 2050 via engagement, disclosure, and risk integration.                                                               |
| <b>Engagement Policy</b>                                                                                    | Engagement     | Details integrated, active ESG engagement approach across public and private asset portfolios.                                                                       |
| <b>L&amp;G Asset Management Sustainability Policy</b>                                                       | Sustainability | Embeds sustainability risks, exclusions, and engagement expectations across SFDR-compliant investment strategies.                                                    |
| <b>LGIME Principal Adverse Impacts of Investment decisions on sustainability factors Entity Report 2025</b> | Reporting      | Discloses principal adverse impacts per SFDR, describing methodologies to identify and mitigate ESG harm.                                                            |
| <b>UK Principles of Executive Pay</b>                                                                       | Governance     | Advocates for pay aligned with long-term performance and fairness; expects transparency and benchmarks.                                                              |
| <b>Principles on Executive Compensation (North America)</b>                                                 | Governance     | Provides North America-specific guidance aligning executive pay with long-term sustainable performance.                                                              |
| <b>Water Policy</b>                                                                                         | Nature         | Focuses on financially material water risks, referencing the Taskforce on Nature-related Financial Disclosures; sets expectations for company disclosure and action. |
| <b>Human Capital Management Approach &amp; Expectations</b>                                                 | Human Capital  | Emphasises workforce capabilities, engagement, wellbeing, and disclosure as drivers of long-term resilience.                                                         |
| <b>2025 Japan Stewardship Code Statement</b>                                                                | Stewardship    | Describes adherence to Japan's 2025 Stewardship Code, including voting, engagement, and conflicts protocols.                                                         |

It should be highlighted that some of these policies may not be relevant to all or any of the funds offered to members of the WPP.



# 3. The aims and objectives for the default arrangement

The WPP has default arrangements which are designed to provide the appropriate balance of risk and reward for the majority of savers.

## Why do we have a default arrangement?

As well as believing that it's helpful for savers, we are required by law to have default investment arrangements. This is because:

- the WPP is a qualifying scheme for Automatic Enrolment purposes, so it must have default arrangements.
- we believe it should be easy for someone who becomes a saver of the WPP to start building retirement benefits without the need to make any investment decisions.
- we believe that a majority of WPP savers are expected to have broadly similar investment needs.

A default arrangement, which you may also see being called a default fund or default investment option, can take the form of a single fund, or a number of funds combined into an investment strategy.

There are three key types of default arrangements that pension schemes might make available to their members. These are:

1. **A single fund** that is invested to grow member savings, and also reduce the impact of fluctuations in value during times of market turbulence. These funds provide diversification by investing in a combination of asset classes, and are often called multi-asset, diversified, balanced, or growth funds. Savers hold only this fund throughout their retirement savings journey.

2. **A lifestyle profile**, which is an investment strategy that changes automatically over time as a saver gets closer to retirement. When savers are younger and far from retirement, their money is invested in higher-risk funds that are projected to provide strong long-term growth. As they approach their selected retirement age, their investments are gradually moved into lower-risk funds to protect the value of their savings.

Lifestyle profiles may target a flexible retirement or a specific retirement objective, such as the purchase of an annuity, taking flexi-access drawdown, or taking the entire pension as cash. The point at which fund holdings begin to change depends on the specific lifestyle profile. This may be as far out as 30 years from retirement or as close as two years to retirement. Pension savers can see the investment changes, also called transactions or switches, on their online pension account and in their annual benefit statements.

3. **Target Date Funds (TDFs)**, which are similar to lifestyle profiles. However, instead of all the investment changes being visible to savers, they happen within a single fund that has a specific retirement (or target) date. Savers are invested into the fund which aligns with their selected retirement age, which may be a single year, or within a range. For example, if a saver will be 65 in 2052, they would be invested in the 2050 - 2055 Target Date Fund. With TDFs, savers hold a single fund along with other members who have a similar target retirement date, and TDFs may target a flexible retirement or a specific retirement objective, such as the purchase of an annuity, taking flexi-access drawdown or taking the entire pension as cash.

In addition to the above, the default arrangement for an employer will depend on the governance model they have selected.

When an employer decides to offer its pension arrangement through the WPP, it will select one of two levels of default arrangement depending on how involved it wants to be in the running (and in particular in setting investment strategy) of its pension scheme.

### 1. Legal & General default arrangements

The employer selects from a limited range of Legal & General pre-designed investment strategies made available under the insurance policy. If an employer does not wish to make a selection (or has signed up to our proposition designed to support small firms), the Legal & General core default is applied. However, if an employer does want to choose, they are required to complete an application form at the point of decision (no on-going investment advice is needed). This form highlights to the employer that they should consider taking advice if choosing one of the alternative defaults.

### 1. Bespoke default arrangements

The employer is actively involved in the pension arrangement and in setting the investment strategy. The employer takes independent investment advice, both initially and on an on-going basis from its own adviser. It reviews its tailored investment strategy and on-going appropriateness of its default fund at least every three years, and must be approved by us.

## What do we take into account when selecting a suitable default arrangement?

We believe that understanding the WPP's savers is essential in selecting and maintaining a default arrangement that meets the needs of the majority of savers. We, therefore, take into account:

- Savers' age profiles
- Savers' salary profiles where available
- The likely sizes of savers' pension pots at retirement
- The level of contributions paid by employers and their savers
- The costs and charges attributed to the default arrangement
- Savers' likely benefit choices at and into retirement, based where possible on data gained through surveys and administration data
- Regulatory and legislative requirements
- The FCA's consumer duty regulations to ensure the default arrangement prioritises customer needs and delivers good outcomes
- Vulnerable customers in the design and management of our default arrangement, making reasonable adjustments to support specific needs
- The contents of this SIP
- That our ESG beliefs and policies are aligned with our best understanding of saver beliefs
- The views of the IGC, who strive to represent savers' best interest.

In selecting the default arrangement, we take advice from a qualified investment adviser who we believe has sufficient ability and practical experience of financial matters as well as appropriate knowledge of the investment arrangements that the WPP requires. We expect the investment adviser to take into account the risks covered within [section 5](#) of this SIP when determining the appropriateness of a default arrangement to be made available to savers.

If having considered any advice from our investment adviser as appropriate we are not satisfied with a default arrangement, we may seek to instruct our investment adviser to find possible alternatives for consideration. In replacing any default, we will consider the transaction cost to savers of switching to the new default and seek to ensure these are fair.

Subject to fund benchmarks and guidelines, the fund managers are given full discretion over the choice of investments. Fund managers are expected to maintain well-diversified and suitably liquid portfolios of investments.

All of the above criteria are considered as part of the regular review of the suitability of default arrangements in line with FCA requirements.

## Objectives of the Legal & General default arrangement

Default arrangements must support savers who do not wish to make an active investment choice. Through the significant influences of Automatic Enrolment, the large majority of savers invest their pension savings via a default arrangement.

It is therefore vital that the default arrangement has clearly defined objectives, delivers an appropriate balance between risk and return, reflects the likely diverse characteristics of savers that will invest within a default arrangement and is supported with robust communications and literature to secure good outcomes for savers.

The main objective of the Legal & General default arrangements is to help deliver good outcomes for savers at retirement and currently achieves this by investing in a wide range of asset classes throughout a saver's career, selected from the list of asset classes in [section 1](#).

We believe it is in the best interest of most savers to offer a default arrangement which:

- manages the main investment risks
- provides long-term investment growth while taking an appropriate level of risk for most savers who do not make investment choices
- reflects savers' likely benefit choices at retirement
- provides good value for savers, given they pay the investment costs

The levels of investment return that we expect to see and the risks for the funds used in the default arrangement, are consistent with the above objectives.

You can find out more about our approach to managing investment risks, including other financially material considerations, in [section 5](#).

## Overview of the Legal & General default arrangements

We offer two different types of target-dated funds that can be used by employers without entering a 'bespoke default arrangement' described in the next section:

- 1. The Lifetime Advantage Funds** – The Legal & General core default arrangement used when an employer does not make a selection. The fund provides exposure to a range of different asset classes that may include equities, bonds, cash and a range of private market or listed alternative asset classes. The fund may invest in actively or passively managed funds. The asset allocation of the fund is managed by L&G Asset Management and evolves over time.
- 2. The Target Date Funds** – These are a lower cost alternative which can be chosen by employers, they offer similar exposure to the Lifetime Advantage Funds but have a lower exposure to private market investments.

ESG considerations are integrated within the Lifetime Advantage Funds and Target Date Funds. Firstly, L&G Asset Management assesses ESG risks when setting the Strategic Asset Allocation for the fund. This is how L&G Asset Management chooses which asset classes to invest in as well as how much, which may change over time. Secondly, the fund benefits from L&G Asset Management's market leading Investment Stewardship and Active Engagement approach, through which L&G Asset Management as a shareholder engages with companies and votes on behalf of its clients. Finally, L&G Asset Management also removes several companies from the fund, including coal miners, controversial weapons, and UN Global Compact violators, and will also implement disinvestments as part of the L&G Asset Management Climate Impact Pledge.

More information on our approach to ESG can be found at [legalandgeneral.com/esghub](https://legalandgeneral.com/esghub).

Fund-specific information about the ways that funds explicitly incorporate ESG can be found in the Responsible Investing guide, also available at [legalandgeneral.com/esghub](https://legalandgeneral.com/esghub).

## Objectives for bespoke default arrangements

Under the bespoke model, the investment strategy for both the default arrangement and self-select funds is determined by the employer and its own independent investment adviser, not by the investment adviser to the WPP.

The main objective of the default arrangement in the bespoke model will be determined by the employer and its own independent investment adviser, tailored to the requirements of its employees.

We expect the employers to consider a range of criteria which reflect those outlined above. We also expect them to consider any feedback provided to the employer in relation to their savers' views on pension investments.

We review and must give our approval to any employer-designed strategies under the bespoke model before they are put in place. We also require employers who design their own investment strategy to review this with their own investment adviser at least every three years, or when there are any significant changes to savers. We will review and must agree to any subsequent changes.

## Historic default arrangements

Historically, pension schemes of all sizes have been able to select their own default arrangements which fall outside of the investment and governance criteria described in this document.

Over time, the intention is to ensure that all WPP savers are invested in a default that complies with this document, which will be achieved through a rolling programme of saver and employer communications and investment switches.

There may be certain circumstances where moving the default investment option is not appropriate for a particular employer or saver. As part of the programme, we consider a number of factors which includes, but not exclusively, costs to the saver, the current investment strategy, age profile of savers, and regulatory obligations.

## At-Retirement

Under current legislation, default arrangements are only required for the saving period in the run up to retirement. That said, the WPP offers a number of retirement options, of which two allow a saver to keep their pension pot invested. These are:

### 1. Lump sum payments

Officially known as Uncrystallised Funds Pension Lump Sums, this is leaving the pension pot invested and taking lump sums as and when savers wish, with the first 25% of each withdrawal usually tax-free.

In this scenario, the saver will remain invested in the default arrangement up to and beyond their retirement age, unless they have selected their own investments.

### 2. Flexi-access drawdown

This involves savers taking up to 25% of the pension pot tax-free and leaving the rest invested to provide an income (otherwise known as flexi-access drawdown) either as monthly payments, occasional lump sums or a combination of the two. In this scenario, there are three key options for savers:

- i. Remain in the same investment option offered as part of the default arrangement at the point of retirement
- ii. Choose investments from our "self-select" fund range
- iii. Choose one or a combination of four investment pathways funds, explained below

## Investment Pathways

Investment pathways are designed in accordance with a framework specified by the FCA to help savers invest appropriately once they reach retirement and access their pension benefits. After moving into drawdown, many savers may not review their investment choices, even though they could stay in the same fund with the same provider for many years.

Investment pathways offer savers a choice to select one or more of the following objectives based on how they intend to use their pot whilst in drawdown:

- **Option 1:** I have no plans to touch my money in the next five years
- **Option 2:** I plan to use my money to set up a guaranteed income (annuity) within the next five years
- **Option 3:** I plan to start taking my money as a long-term income within the next five years
- **Option 4:** I plan to take out all my money within the next five years

Behind each of these options sits an investment solution designed to be appropriate for the relevant objective. These investment solutions are designed to help savers, who have no plans to take financial advice, to make their own choices.

It is designed to give savers a clear and simple choice as to how to manage their pension or generate a retirement income from it. Savers will have the option to choose up to all four objectives and specify how much of their pot they want to assign to each.

Savers may also choose to retain their current investment fund(s) or self-select their investments.



## What investment solutions support each Investment Pathway?

| Customer objective                                                                         | Investment solution                                                                                                    |
|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| <b>Option 1:</b> I have no plans to touch my money in the next five years                  | Future World Multi-Asset Fund                                                                                          |
| <b>Option 2:</b> I plan to set up a guaranteed income (annuity) within the next five years | 40% Future World Multi-Asset Fund<br>60% Future World Inflation Sensitive Annuity Aware Fund                           |
| <b>Option 3:</b> I plan to start taking a long-term income within the next five years      | Retirement Income Multi-Asset Fund                                                                                     |
| <b>Option 4:</b> I plan to take out all of my money within the next five years             | 45% Short-Dated Sterling Corporate Bond Index Fund<br>45% Sterling Liquidity Fund<br>10% Future World Multi-Asset Fund |

The investments in the table above are those made available to the majority of our savers, incorporating some ESG considerations through the use of the Future World Multi-Asset Fund and are designed to fit with the Lifetime Advantage Funds or Target Date Funds as accumulation defaults.

## What is the governance approach for Investment Pathways?

The investment solutions are governed by Legal & General and examined by the IGC at least annually. The findings of each annual review are approved by the FROC.

### Governance for bespoke investment pathways solutions:

- If an employer wishes to create a bespoke investment pathway solution, they must do so for all four customer objectives. There is no mix and match option.
- Bespoke investment pathways solutions are subject to the same governance as accumulation default arrangements – i.e. a requirement for initial and ongoing investment advice, and subject to our approval.
- They require an annual review.

## 4. The aims and objectives for investment options outside of the default arrangement

While the default arrangement is intended to meet the needs of most savers, it may not meet the needs of a wider cross-section of savers. In order to support saver investment needs outside of the default arrangements, we offer a choice of investment options through our “self-select” fund range.

In designing the self-select fund range, investment managers consider the following principles as part of our selection process:

- the self-select fund range is designed to complement the default arrangement and to be suitable for those savers who wish to actively choose their own funds
- we receive independent investment advice which recommends the funds we should offer to savers
- we provide a range of funds with different levels of risk and return to cater for saver attitudes to risk, which we acknowledge may change over time
- we make available a good range of ESG focussed funds, this also includes consideration of the FCA’s Sustainability Disclosure Requirements (SDR) and the sustainability labelling under the regulations
- we consider climate related metrics and targets of funds (where data quality allows)
- we cater for savers that want to access faith-based funds
- the costs and charges attributed to the funds are appropriate for savers
- we consider the FCA’s consumer duty regulations to ensure the funds prioritise customer needs and deliver good outcomes
- we consider vulnerable customers in the design of our fund range and launch of new funds, notably making reasonable adjustments to support specific needs
- we consider findings from our own research, wider industry research, and other relevant surveys. For example, surveys on saver choice generally suggest that:

- too little choice is viewed negatively by savers
- too much choice can prove confusing and deter savers from making decisions
- some savers will not regularly review their choices.

When adding, removing and monitoring funds on our self-select range, we expect our independent investment adviser to consider the risks covered within [section 5](#) of this SIP when determining the appropriateness of a fund to be made available to savers.

We formally review the investment range every three years with the support of our investment adviser but recognise the self-select fund range cannot be expected to cover the investment needs of all savers.

We also review the fund range between review periods in response to market events, regulatory change and as part of the overall governance process of monitoring our funds.

Subject to fund benchmarks and guidelines, the fund managers are given full discretion over the choice of investments and, for multi-asset funds, choice of asset classes. Fund managers are expected to maintain well-diversified and suitably liquid portfolios of investments.

If we are not satisfied with a fund, we may seek to instruct our investment adviser to find possible alternatives for consideration. In replacing any fund, we will consider the transaction cost to savers when switching to the new fund and seek to ensure these are fair.

It is important to note that some specialist funds may be more costly than the default fund to invest in; therefore, a balance needs to be struck between choice and costs.

We are also able to make funds outside of our core self-select fund range available to employers who want to customise their lifestyle profiles or self-select fund choices for their savers, subject to appropriate advice, governance and commercial checks.

# 5. Our approach to investment risks

## Risks

We have developed and maintain a framework for assessing the impact of investment and saver risks on long-term investment returns. This section covers the key investment risks and the approaches we take that guide our decision making.

| Risk                                | What is this?                                                                                                                                                                                                                                                                                                                                                                                        | What is our approach to this risk?                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Asset allocation</b>             | The risk that a fund's asset allocation does not deliver good outcomes for savers.                                                                                                                                                                                                                                                                                                                   | We have a clear policy on our approach to asset allocation as covered within sections 1 to 4 of this SIP. The main Legal & General default investment options include appropriately diversified elements. We recognise some savers may wish to implement their own asset allocation strategy to invest in one or more particular asset classes. We therefore aim to ensure savers have access to an appropriate range of asset classes as part of our self-select fund range. |
| <b>Changes in law or regulation</b> | The risk that changes to government policy or the tax regime may have impacts on certain sectors of the economy or on pension schemes and, hence, the appropriateness of investment strategies.                                                                                                                                                                                                      | Our internal compliance teams keep us informed of any changes in the law and regulations that may impact the appropriateness of our investment strategies for savers. We also have an independent investment adviser who raises any relevant regulatory changes with us.                                                                                                                                                                                                      |
| <b>Climate change risk</b>          | The risk that climate change causes a major fall in asset values because of factors including, but not limited to: policy change, physical impacts, and the expected transition to a low carbon economy. This includes the extent to which investment decisions made by us as an asset owner could play a role in influencing climate outcomes when combined with the actions of other asset owners. | Climate change is considered in our Responsible Investing policy as reflected in <a href="#">section 2</a> of this SIP. We publish Task Force on Climate-related Financial Disclosures (TCFD) reports on an annual basis, in line with FCA regulations and recommendations.                                                                                                                                                                                                   |

| Risk                                                        | What is this?                                                                                                                                                            | What is our approach to this risk?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Concentration risk</b>                                   | The risk that a saver will be overexposed to a single asset class, stock, issuer, geography, currency, or other source of risk.                                          | Funds provided through a life insurance company such as Legal & General must follow FCA rules. Fund managers using other fund vehicles subject to the European “UCITS IV” and the FCA’s “Non-UCITS” regulations must meet requirements on the security and concentrations of assets. Our default arrangements manage this risk through strategies that are suitably diversified. We also take advice from our independent investment adviser to ensure the appropriateness of funds being made available to savers. Savers who choose their own funds may be exposed to a certain level of concentration risk, for example if they select one asset class or region. To mitigate this, we encourage savers to seek investment advice. |
| <b>Converting pension pots into an income in retirement</b> | The risk that investment conditions just before our savers’ selected retirement dates will increase the cost of turning their pension pots into an income in retirement. | Our default arrangements at the point of retirement are designed to be suitable for savers who wish to access their pension flexibly after retirement. We recognise that not all savers will do this; accordingly, we also offer savers the choice of 100% in cash (for those wishing to take all of their pension pot as cash), or 75% in bonds and 25% in cash at the point of retirement (for those wishing to buy a guaranteed income for life called an “annuity”). We notify savers during times of extreme market conditions the risk of accessing benefits or switching investments. We encourage savers to seek advice regarding retirement planning.                                                                        |



| Risk                     | What is this?                                                                                                                                                                   | What is our approach to this risk?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Counterparty risk</b> | The risk that the other party in an investment may not fulfil its part of the deal and may default on the contractual obligations. Also referred to as reinsurance credit risk. | <p>Depending on the fund selections made by savers, some of the assets held by Legal &amp; General Assurance (Pensions Management) Limited (PMC) are invested with external providers outside the Legal &amp; General Group.</p> <p>When one insurance company such as Legal and General Assurance Society Limited (LGAS) invests its assets with another, such as PMC, this is known as reinsurance.</p> <p>This reinsurance arrangement has its own rules and impacts savers' right to claim compensation.</p> <p>In the event that LGAS becomes insolvent or is otherwise unable to meet its financial obligations, savers may be able to claim for any losses from the Financial Services Compensation Scheme (FSCS), potentially up to 100% of the total value.</p> <p>The FSCS is designed to pay customers compensation if they lose money because a firm is unable to pay them what they owe. More information can be found at <a href="https://www.fscs.org.uk">fscs.org.uk</a>.</p> <p>In the event that PMC becomes insolvent, LGAS will attempt to recover the full value of a saver's investments. If they are unable to do so, LGAS will be responsible for making up any shortfall.</p> <p>In the event that an external insurer becomes insolvent, PMC will attempt to recover the full value of a saver's investments. If they are unable to do so, LGAS will be responsible for making up any shortfall.</p> <p>As of 31 March 2026, there are no exceptions to these rights. However, any fund that LGAS has made available since 1 December 2018 and makes available in the future may not benefit from them. Where applicable, we highlight this as a fund specific risk included within our fund literature.</p> |

| Risk                                                | What is this?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | What is our approach to this risk?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Costs &amp; charges</b>                          | <p>The risk that costs and charges could have a material impact on the value of a saver's pension fund, especially over a long term.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p>We make sure that charges incurred by savers are reasonable and represent good value for money.</p> <p>We review these costs every year for all default funds, for individual underlying funds where relevant, as well as the self-select fund range.</p> <p>Every three months, L&amp;G Asset Management reports transaction costs using the Cost Transparency Initiative (CTI) template across both internal and externally managed funds. This is compared with previous periods to identify any unusual changes.</p> <p>We also monitor at least every three months that funds continue to comply with the charge cap rules for Automatic Enrolment.</p> |
| <b>Currency risk</b>                                | <p>The risk that the value of the British pound changes when compared with foreign currencies, impacting how much a fund returns.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>Some fund managers consider currency exposure as a source of returns, although it could increase volatility of returns. Where currency risk is applicable to a fund, we highlight this as a fund specific risk included within our fund literature.</p>                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Disclosure of sustainability characteristics</b> | <p>The risk that the sustainability characteristics of underlying funds or sustainability claims made by underlying fund managers do not meet the FCA's four anti-greenwashing principles, which state that sustainability references should be:</p> <ul style="list-style-type: none"> <li>– Correct and capable of being substantiated</li> <li>– Clear and presented in a way that can be understood.</li> <li>– Complete – they should not omit or hide important information and should consider the full lifecycle of the product or service.</li> <li>– Fair and meaningful in relation to any comparisons to other products and services.</li> </ul> | <p>We consider the FCA's four anti-greenwashing principles in our fund governance processes when new underlying funds are added.</p> <p>Where appropriate, for funds which carry one of the FCA's four Sustainability disclosure requirements (SDR) labels, we disclose details of the underlying fund's label and sustainability objective on fund factsheets.</p> <p>We continue to monitor regulatory developments in relation to both UK and EU domiciled funds and will adapt disclosures as necessary or when informed by underlying fund managers.</p>                                                                                                   |

| Risk                                            | What is this?                                                                                                                                                                                                                                | What is our approach to this risk?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>ESG mispricing and underperformance risk</b> | The risk that ESG issues are not reflected in asset prices and/or not considered in investment decision-making leading to underperformance relative to expectations.                                                                         | We have a clear Responsible Investing policy, and this is reflected in <a href="#">section 2</a> of this SIP. Our independent investment adviser assesses the responsible investment policies of asset managers, covering fund-specific approaches as well as firm-wide approaches. This covers both internally and externally managed funds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Inflation risk</b>                           | The risk that investment returns over our savers' working lives may not keep pace with inflation and, as a result, may not produce adequate retirement benefits.                                                                             | <p>During the growth phase within our default arrangements, savers are invested in funds that are expected to produce long-term investment growth.</p> <p>Some funds are invested in funds that inherently carry inflation risk, and these funds may be appropriate for savers in certain circumstances as self-select investments. We highlight this as a fund specific risk included within our fund literature.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Interest rate &amp; default risk</b>         | The risk that changes in interest rates in the UK and/or abroad will affect the value of bond holdings, and the risk that there may be companies or governments which fail to pay the agreed interest on the bonds and/or repay the capital. | <p>The default investment arrangements invest in a range of asset classes and the self-select fund range offers savers a wide choice of funds.</p> <p>Most bond funds offered are index-tracking and hence, investments are spread across many different bonds, but we may also offer some actively managed bond funds.</p> <p>To ensure we are comfortable with the level of risk we take advice from our independent investment adviser to ensure the appropriateness of funds being made available to savers.</p> <p>We highlight in our literature and, where appropriate, communicate to savers the impact and risk of holding cash funds, particularly in a low interest rate environment.</p> <p>Where interest rate and default risk is applicable to a fund, we highlight this as a fund specific risk included within our fund literature.</p> |
| <b>Leverage risk</b>                            | The risk that money borrowed by a fund manager to finance the purchase of assets results in poor outcomes for savers.                                                                                                                        | <p>Funds provided through a life insurance company must comply with the FCA rules, which place limits on the degree of leverage a fund can use.</p> <p>Fund managers using other fund vehicles subject to the European "UCITS IV" and the FCA's "Non-UCITS" regulations must meet requirements on the level of leverage used within a fund.</p> <p>Exchange Traded Funds may be used directly or indirectly to gain access to less easily traded and illiquid asset classes.</p>                                                                                                                                                                                                                                                                                                                                                                         |

| Risk                  | What is this?                                                                                                                                                                        | What is our approach to this risk?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Liquidity risk</b> | <p>The risk that the assets within the funds that savers hold cannot be bought or sold when savers wish to invest or disinvest.</p>                                                  | <p>We receive independent investment advice when determining which funds we make available to savers, which ensures all funds fulfil the legal requirements for liquidity.</p> <p>We avoid offering funds that exclusively hold assets which cannot be readily traded but acknowledge that property funds could encounter some liquidity issues in abnormal market conditions.</p> <p>The ability for a fund to have daily liquidity in normal circumstances does not prohibit a blended investment strategy or multi-asset fund from having a small element of less liquid investments.</p> <p>The FROC regularly reviews information on how easily our funds can be bought or sold, and in times of extreme market conditions it may intervene to protect the interests of savers.</p> |
| <b>Market risk</b>    | <p>The risk that a saver's pension pot will fall in value at any point while a policyholder and especially as they approach retirement when there is less time to recoup losses.</p> | <p>Our default arrangements use a wide range of asset classes, and we seek to manage the risk of large falls in markets just prior to a saver's selected retirement date.</p> <p>The self-select fund range offers options with different levels of return and risk that savers can choose from.</p> <p>We provide information in our literature and communications to help savers understand the investment risks and return projections associated with their investment strategy or fund choices.</p> <p>We notify savers during times of extreme market conditions the risk of accessing benefits or switching investments. We encourage savers to seek investment advice.</p>                                                                                                       |

| Risk                         | What is this?                                                                          | What is our approach to this risk?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Suspension risk</b>       | The risk that assets within the funds cease to trade as a result of market conditions. | <p>A fund may apply a suspension to protect remaining investors in an extreme market event.</p> <p>If a fund applies excessive suspensions, or suspends in a relatively liquid environment, then the fund may be reviewed for closure.</p> <p>We may redirect future contributions into a cash or cash-like fund as a low risk, 'liquid' option in the event any fund, such as property funds, cease to trade due to market conditions or otherwise.</p> <p>Through the fund platform we have the capability of building short term liquidity positions on funds to help protect against any emerging risk of a fund suspending, such as sustained market volatility. This can help in scenarios with low to moderate levels of volatility.</p> |
| <b>Underperformance risk</b> | The risk that a fund may not meet its target in the medium to long-term.               | <p>We monitor the performance of all funds every three months.</p> <p>We monitor the funds where there are any concerns with meeting performance objectives and may take appropriate action, which may include fund closures, following the advice from our independent investment adviser.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

# 6. Governance and operational framework

## Fund Risk Oversight Committee

Our FROC governs the development and management of our funds available to WPP savers. It's made up of senior managers who meet every three months (and more often in certain circumstances) and receive regular reports and information to assure them that our key principles are being followed. They make sure that our funds and policies are run in a way that is fair to all our savers. They also receive independent investment advice from an external investment consultant.

## Independent Governance Committee

The FCA rules requires firms operating workplace personal pension schemes to establish and maintain an IGC.

The remit of the IGC is to act solely in the interests of relevant WPP savers and to act independently of Legal & General. Savers can find out more about the IGC at [legalandgeneral.com/igc](https://legalandgeneral.com/igc).

The IGC has duties mandated by the FCA, and powers to challenge Legal & General on value for money issues. It has obligations to:

- assess the ongoing value for money of the WPP
- act solely in the interests of WPP savers
- raise any concerns with the relevant Legal & General board
- escalate their concerns to the FCA if necessary
- report annually on what they have done

## Monitoring

The FROC is responsible for monitoring the appropriateness and performance of the default arrangement and other funds on a regular basis. We've outlined below the areas that we monitor, how we do this and how often. The IGC receives updates on a regular basis so they can oversee the process.

## Realisation of investments

We normally expect fund managers to be able to sell units in the funds within a reasonable timescale. To protect savers' interests, some exceptional market conditions may require fund managers to impose restrictions on the timing of sales and purchases of a fund's units. This is most likely to affect property and private markets funds.

Most members' pension pots have a long investment timeframe, which means that assets which are potentially harder to buy or sell, such as property or infrastructure, can still be managed to deliver long-term investment returns while avoiding the impact of liquidity issues at retirement.

## Funds

We monitor the performance of funds offered to savers in terms of both returns and risk against the agreed or appropriate performance objectives. We review performance after all costs have been deducted, which means that we can see if the funds are meeting their objectives taking into explicit costs into account.

This is to ensure that they remain fit to deliver the expected return or the risk management objective of the investments.

Funds are monitored every three months, with a formal review of each investment fund taking place each year. Our investment adviser tells us about any changes to the way funds are managed and any other relevant news (e.g. changes to the teams managing funds) on a timely basis following the change.

The WPP invests in funds only, and does not pick individual stocks or assets. The fund managers choose custodians for the funds they are managing. Custodians are firms which keep your money and investments safe. We work to make sure this process is managed properly.

## Reporting

We share information with savers including fund factsheets. Fund factsheets are available for each fund, and explain the mix of assets, any underlying funds, and may also show the performance against any relevant benchmark. These are available online for savers to view and are updated every three months.

## Conflicts of interest

In the event of a conflict of interest, we ensure that contributions are invested in the sole interests of savers and beneficiaries.



## 7. Who's who – a summary of all parties involved in managing or advising the WPP

The table below shows those involved in the running of the WPP and explains their roles.

| Who are they?                                                            | What do they do?                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Legal and General Assurance Society Limited (LGAS)</b>                | Looks after the scheme and provides the investment options available within the WPP.                                                                                                                                                                |
| <b>Fund Risk Oversight Committee (FROC)</b>                              | Governs the management of investment options available to WPP savers, under delegated authority from LGAS and PMS.                                                                                                                                  |
| <b>Independent Governance Committee (IGC)</b>                            | Independently checks that savers get good value for money, and that the default arrangements are appropriate for most savers. The IGC also ensures that there are good quality investment policies embedded throughout Legal & General's processes. |
| <b>Legal &amp; General Assurance (Pensions Management) Limited (PMC)</b> | Provides the investment platform and underlying funds that LGAS invests in through a reinsurance agreement.                                                                                                                                         |
| <b>Legal &amp; General Asset Management</b>                              | The principal fund manager appointed by PMC for investment and fund administration. Decisions on the day-to-day management of the funds are delegated to fund managers.                                                                             |
| <b>External fund managers</b>                                            | The firms appointed by PMC other than Legal & General Asset Management that provide investment and fund administration. Decisions on the day-to-day management of the funds are delegated to fund managers.                                         |
| <b>Legal &amp; General Portfolio Management Services Limited (PMS)</b>   | Handles day-to-day administration for savers, including investing contributions and managing switches between funds.                                                                                                                                |
| <b>Investment Adviser</b>                                                | Provides investment advice to LGAS and PMS on appropriate investment strategies and funds for savers.                                                                                                                                               |

## 8. Glossary

| Term                                                                          | Definition                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Annuity</b>                                                                | A product you can buy with your pension pot to provide you with a guaranteed regular income. You can use the value of your pension pot to buy an annuity from us or from another annuity provider.                                                                                                  |
| <b>Flexi-Access Drawdown</b>                                                  | Allows you to take money from your pension pot and leave the rest invested to provide a regular income and occasional lump sums if required.                                                                                                                                                        |
| <b>Consumer Duty Regulations</b>                                              | FCA rules to ensure firms act fairly, prevent harm, and support customers.                                                                                                                                                                                                                          |
| <b>Vulnerable customers</b>                                                   | Higher risk people who may need extra help because of health issues, major life events, money worries, or difficulties understanding information.                                                                                                                                                   |
| <b>Accumulation</b>                                                           | The period when you're working and paying into your pension, building retirement funds.                                                                                                                                                                                                             |
| <b>Task Force on Climate-related Financial Disclosures (TCFD) disclosures</b> | A framework that helps organisations report on how climate-related risks and opportunities may affect their business, strategy and financial performance.                                                                                                                                           |
| <b>Sustainability</b>                                                         | Investing in a way that aims to deliver returns while considering long-term environmental, social and governance factors.                                                                                                                                                                           |
| <b>Active ownership</b>                                                       | The practice where shareholders actively engage with the companies they invest in to influence how they are run.                                                                                                                                                                                    |
| <b>Investment Stewardship</b>                                                 | The practice of investors overseeing and engaging with the companies they invest in to ensure they are well-run. This includes activities like voting at shareholder meetings and talking to company leaders to encourage good governance, responsible behaviour and long-term value for investors. |
| <b>Active management</b>                                                      | When a fund manager actively chooses which investments to buy, sell, or hold. The goal is to try to outperform the market or a benchmark index.                                                                                                                                                     |
| <b>Passive management</b>                                                     | When a fund simply tracks a market index, such as the FTSE 100, instead of trying to pick individual investments that might outperform. The goal being to match the market's overall performance.                                                                                                   |
| <b>Multi-Asset</b>                                                            | An investment strategy which invests in different kinds of asset classes. For instance, a multi-asset fund may contain a combination of bonds, cash, and equities.                                                                                                                                  |

| Term                          | Definition                                                                                                                                                                                                                                  |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Target Date Fund</b>       | A fund designed for people planning to retire around a certain (or target) date. Savers are invested into the fund which aligns with their selected retirement age, which may be a single year, or within a range.                          |
| <b>Self-select fund range</b> | A set of investment funds that you can choose from directly. This lets you build your own investment mix instead of relying on the default option. These funds are usually diverse to allow you to tailor your mix to your own preferences. |
| <b>Liquidity</b>              | How quickly and easily an investment can be converted into cash without affecting its value. High liquid investments tend to include cash or publicly traded shares.                                                                        |
| <b>Private Markets</b>        | Investments that are not traded on public stock exchanges. Instead, they involve buying shares or interests in privately owned companies or assets.                                                                                         |
| <b>Automatic Enrolment</b>    | A system where employees are automatically put into their workplace pension scheme by their employer.                                                                                                                                       |
| <b>UCITS IV</b>               | A set of EU rules that decide how investment funds are run and marketed across Europe. UCITS stands for Undertakings for Collective Investment in Transferable Securities.                                                                  |
| <b>Benchmark</b>              | A standard used to measure how a fund is performing by providing a reference point so you can see whether the investment has done better or worse than the market.                                                                          |
| <b>Switching</b>              | Moving your pension savings from one fund to another.                                                                                                                                                                                       |

**Legal and General Assurance Society Limited**

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Financial Conduct Authority and the Prudential Regulation Authority.

**Legal & General (Portfolio Management Services) Limited**

Registered in England and Wales No. 02457525

Registered office: One Coleman Street, London EC2R 5AA

Authorised and regulated by the Financial Conduct Authority.

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