

# The Zoological Society 1988 Pension Scheme

## Statement of Investment Principles

Barnett Waddingham LLP

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# 1 Introduction

- 1.1 This is the Statement of Investment Principles prepared by the Trustee of the Zoological Society 1988 Pension Scheme (“the Scheme”). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:
- the Pensions Act 1995, as amended by the Pensions Act 2004; and
  - the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
  - the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
  - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2 In preparing this statement the Trustee has consulted the Zoological Society of London, the Sponsor, and obtained advice from Barnett Waddingham LLP, the Trustee’s investment consultant. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.
- 1.3 The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.4 The Trustee completed a bulk annuity insurance transaction with Just (the “Insurer”) in the contract dated 16 December 2025 to secure the benefits under the Scheme.
- 1.5 The investment powers of the Trustee are set out in Clause 6 of the Consolidating Trust Deed & Rules, dated 17 December 2004. This statement is consistent with those powers.

# 2 Choosing investments

- 2.1 The Trustee’s policy is to set the overall investment target and then monitor the performance of the Scheme against that target. In doing so, the Trustee considers the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.
- 2.2 Effective from 16 December 2025, the Trustee entered into a bulk annuity insurance contract with the Insurer, which is expected to match all defined benefits due to members of the Scheme.
- 2.3 The Insurer is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
- 2.4 The Trustee holds residual assets in a combination of gilts, index-linked gilts, cash and money market instruments. The day-to-day management of the assets held is delegated to the Scheme’s investment manager. The investment manager is authorised and regulated by the Financial Conduct Authority, and is responsible for stock selection.
- 2.5 The Trustee continues to review the appropriateness of the Scheme’s investment strategy on an ongoing basis but would consider it unlikely that any material future changes will be made prior to the Just insurance policy potentially being assigned to individual members and the Scheme then being wound up.
- 2.6 The Trustee will consult the Employer before amending the investment strategy.

## 3 Investment objectives

3.1 The Trustee has discussed key investment objectives in light of an analysis of the Scheme’s liability profile as well as the constraints the Trustee faces in achieving these objectives. As a result, the Trustee’s main investment objectives are:

- To hold assets that provide a high likelihood that members’ entitlements under the Trust Deed and Rules will be met in full as they fall due;
- to invest in assets of appropriate liquidity to meet potential remaining liabilities that are not covered by the bulk annuity policy; and
- to reduce the risk of the assets failing to meet the liabilities over the long term.

3.2 The Trustee is aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Scheme’s liabilities. The Trustee has obtained exposure to investments that they expect will meet the Scheme’s objectives as best as possible.

## 4 Kinds of investments to be held

4.1 The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property alternatives and annuity policies. The Scheme’s current investment strategy involves holding the majority of the Scheme’s assets in a bulk annuity insurance contract, with the remaining assets invested in a combination of gilts, index-linked gilts, cash and money market instruments to meet ongoing cashflow requirements, potential future benefit augmentation and to reduce counterparty risk.

4.2 Given the Scheme’s investment strategy, it is not expected that the Scheme will hold any employer-related investments. However, this is typically checked annually by the Scheme’s auditors.

## 5 The balance between different kinds of investments

5.1 The Scheme invests in assets that are expected to achieve the Scheme’s objectives.

5.2 The Scheme holds a bulk annuity policy expected to produce cashflows that exactly match the benefit entitlements of each of the Scheme’s members. The remainder of the Scheme’s assets are held in the Trustee bank account and with the Scheme’s investment manager.

## 6 Risks

6.1 The various types of investment risk which may affect the Scheme’s liabilities are covered under the bulk annuity purchase with the Insurer. Therefore, the vast majority of the risks set out below are covered by the insurance policy, and are therefore judged to have minimal impact on the Scheme’s ability to meet the liabilities of the Scheme as they fall due. However, the Trustee has considered the following risks for the Scheme with regard to its investment policy and the Scheme’s liabilities:

Risk versus the liabilities	The Trustee notes that by securing the Scheme’s benefits with an insurer, the risk of benefits not being met is now very low.
Covenant risk	The Scheme is less reliant on the strength of the Employer’s covenant as the Scheme’s benefits have wholly been secured with an insurer. When converting the buy-in policy into

	a buy-out policy with the Insurer, the Scheme will be reliant on the Employer to make good any shortfall in excess of the small amount of assets held outside of the insurance contract.
<b>Insurer counter party risk</b>	The risk of the insurer defaulting has been managed through the selection of a reputable UK regulated insurer and potentially supported by the insurance compensation regime in place should an insurer fail.
<b>Investment manager risk</b>	The Trustee monitors the performance of the residual assets (i.e. those held in cash and gilts outside the bulk annuity policy) as necessary. The Trustee has a written agreement with the investment manager, which contains a number of restrictions on how each investment manager may operate.
<b>Governance risk</b>	The investment manager of the cash fund, gilt funds and index-linked gilt index funds is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustee monitors these and will report on the practices in their annual Implementation Statement where possible.
<b>ESG/Climate risk</b>	The Trustee has considered long-term financial risks to the Scheme and ESG factors (as well as climate risk). While the Trustee considers these factors to be potentially financially material, management of these risks over the lifetime of the contract is primarily an issue for the Insurer to manage.
<b>Concentration risk</b>	The investment manager and the Insurer are expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
<b>Liquidity risk</b>	The Scheme invests in assets, including cash, such that there is a sufficient allocation to liquid investments to meet the Scheme's remaining cashflow requirements that are not covered by the bulk annuity insurance contract. The Scheme's administrators monitor the level of cash available in the Scheme's bank account.
<b>Currency risk</b>	The Scheme's liabilities and the income produced by the bulk annuity contract are both denominated in sterling.
<b>Loss of investment</b>	In the event of the Insurer becoming insolvent, the Scheme could suffer losses on the contract, but would still retain the liability to pay members' benefits. This risk is mitigated by the regulatory regime and capital requirements in place for UK insurers. The risk of loss of investment by the investment manager is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

## 7 Expected return on investments

- 7.1 The Trustee has chosen to invest the vast majority of assets in a bulk annuity policy to match the Scheme's projected benefit payments with income from the policy. The remaining assets are held bearing in mind the nature of the potential additional liabilities that may fall due on the Scheme that are not covered by the policy, and ongoing expenses.
- 7.2 The Trustee has not set an expected return on the bulk annuity policy, given that its primary purpose is as an insurance contract rather than a return-seeking investment.

## 8 Realisation of investments

- 8.1 The annuity policy with the Insurer is not readily realisable and the Trustee does not expect to need to surrender or realise the contract given its nature and purpose. The income from the bulk annuity policy will be used to pay benefits covered by the policy.
- 8.2 The remaining assets of the Scheme are held in assets that can be realised at short notice.

## 9 Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities

- 9.1 Since the majority of the Scheme's assets are held in an insurance policy, these matters are primarily an issue for the Insurer to manage. This is reflected in the Trustee's own policies, as summarised in Appendix 2.

## 10 Agreement

- 10.1 This statement was agreed by the Trustee and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the Sponsor, the investment managers, the Scheme Actuary and the Scheme auditor upon request.

Signed: .....

Date: .....

On behalf of The Zoological Society 1988 Pension Scheme

# Appendix 1 Note on investment policy of the Scheme as at January 2026 in relation to the current Statement of Investment Principles

## 1. Choosing investments

The Trustee has appointed the following investment manager and insurer to carry out the day-to-day investment of the Scheme:

- Legal & General Investment Management (the “investment manager”)
- Just (the “Insurer”)

Whilst the strategic target is to invest wholly in the bulk annuity policy with Just, in practice some assets will need to be held outside the policy until such time as the Scheme is able to wind-up.

The assets held with L&G will comprise the L&G Sterling Liquidity Fund to cover expected future cashflow requirements and government bonds in respect of additional benefits which may be secured in future.

The Trustee has an AVC contract with Aviva Life and Pensions UK Limited and Phoenix Life and Assurance Limited for the receipt of members’ Additional Voluntary Contributions. The arrangement is reviewed from time to time.

The investment managers and AVC providers are authorised and regulated by the Financial Conduct Authority.

The Trustee has appointed Barnett Waddingham LLP to advise on investment matters.

## 2. The balance between different kinds of investment

Most of the Scheme’s assets are held in a bulk annuity policy. The remaining assets are held in the Scheme’s bank account, the L&G Sterling Liquidity Fund, and gilt funds, bearing in mind the nature of the potential additional liabilities that may fall due on the Scheme that are not covered by the policy.

A proportion of the assets are held in gilts, with the allocation designed to broadly match the duration of the liabilities relating to potential benefit augmentation for members.

## 3. Investments and disinvestments

The Scheme’s cashflow requirements are expected to be met by the Scheme’s remaining cash, cash-like holdings, and the annuity policy.

## Appendix 2 Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities

### 1. Financially Material Considerations

The Trustee considers that factors such as environmental, social and governance (ESG) issues (including but not limited to climate change) have the potential to be financially material over the long-term. However, as the Trustee has completed a purchase of a bulk annuity policy intended to match the majority of the Scheme's liabilities, the Trustee is not directly exposed to these risks. The remaining assets are held bearing in mind the nature of the potential additional liabilities that may fall due on the Scheme and are not covered by the policy. The management of ESG and climate change by insurers was considered as part of the decision to purchase the buy-in policy.

The Trustee has an expectation that the Insurer will consider ESG-related issues in selecting securities and other investments, or will otherwise engage with the issuers of their underlying holdings on such matters in a way that is appropriate for the nature of the assets under consideration.

### 2. Approach to monitoring ESG policy

The Scheme's assets are mostly held as a bulk annuity policy with the residual assets invested in a combination of gilts, index-linked gilts, cash and money market instruments. Given the nature of the current holdings in the Scheme, the Trustee will review and monitor the ESG policy as they deem appropriate, considering the risks that present themselves.

### 3. Policy on the exercise of voting rights and engagement activities

The Trustee notes that by securing the Scheme's benefits with an insurer, they have limited ability to influence the voting and engagement activities undertaken on behalf of the Insurer. Responsibility for engagement with the issuers of investments underlying the bulk annuity policy, including voting policy (where applicable), is the responsibility of the Insurer.

The Scheme retains cash and liquidity holdings but the Trustee notes, due to a number of controls at both the asset manager and counterparties, the impact of engagement on the risk/return of the cash holdings is limited.

#### Stewardship priorities

Climate Change and Nature were set as stewardship priorities for the Scheme. After careful consideration, the Trustee agreed that the impact of climate change and nature may be financially material for the Scheme.

Given the nature of the Scheme's assets following the purchase of the bulk annuity policy, the Trustee expects to have limited scope to apply the stewardship priorities.

The Scheme's investment adviser is independent and no arm of their business provides asset management services. This, and their FCA-regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflicts of interest.

## 4. Conflicts of interest

The Trustee expects all investment managers and insurers to have conflicts of interest policies in relation to their engagement and ongoing operations. The Trustee therefore believes it has managed the potential for conflicts of interest in the appointment of the investment managers, insurers, and investment adviser, and conflicts of interest between the Trustee, investment adviser, the investment managers, the insurers, and any underlying investee companies.

## 5. Non-financially material considerations

When constructing the investment strategy and selecting investment managers, the Trustee do/does not prioritise non-financial matters. Given the bulk annuity purchase, the Trustee has limited ability to address non-financial matters.

The Trustee will review its policy on whether or not to take account of non-financial matters periodically.

## 6. Policy on arrangements with investment managers

### Incentivising alignment with the Trustee's investment policies

Arrangements for incentivising the investment managers of the assets underlying the bulk annuity policy are an issue for the Insurer.

With regards to the Scheme's residual assets, prior to appointing an investment manager or, where appropriate, choosing a new fund or asset class from an existing investment manager, the Trustee will:

- Discuss the fund's approach to the management of ESG and climate related risks with the Scheme's investment consultant to identify how this approach is aligned with the Trustee's own investment beliefs.

- Consider the fund's investment philosophy, process and policies to establish how the manager intends to make the required investment returns

- Consider how ESG and climate risk are integrated into the fund's investment philosophy, process and policies.

If the Trustee deems any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.

In the event that an investment manager ceases to meet the Trustee's desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be terminated. The investment managers have been informed of this by the Trustee.

Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

## Method and time horizon for assessing performance

The Trustee does not undertake regular formal monitoring of the investment managers due to the limited benefit of this activity given the bulk annuity policy held with the insurer for the majority of liabilities. However, the Trustee would undertake such monitoring if it was deemed necessary.

The Scheme invests exclusively in gilts, cash and a bulk annuity policy. The investment manager is remunerated by the Trustee based on the assets they manage on behalf of the Trustee. As the fund grows they receive more and as the value falls they receive less.

The Trustee asks the Scheme's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered as frequently as the Trustee considers appropriate in light of the prevailing circumstances.

## Portfolio turnover costs and duration of arrangement

The Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments. However, given the bulk annuity policy and liquidity holdings of the Scheme, the Trustee notes that the impact of portfolio turnover costs and the duration of arrangement with the investment manager are expected to have zero impact.

For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment manager.

The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustee's investment beliefs is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed

## Appendix 3 Benchmarks and Objectives

The benchmarks and objectives for each of the fund managers are summarised below:

Fund Manager	Benchmark	Objective
<b>Legal &amp; General Investment Management</b>		
L&G Over 5 Year Index-Linked Gilt Fund	FTSE Actuaries UK Index-Linked Gilts Over 5 years Index	
L&G Under 15 Year Gilt Index Fund	FTSE Actuaries UK Conventional Gilts up to 15 years index	Track the performance of the benchmark to within +/- 0.25% p.a. for two years out of three
L&G Over 15 Year Gilt Index Fund	FTSE Actuaries UK Conventional Gilts Over 15 years Index	
L&G Sterling Liquidity Fund	SONIA (Sterling Overnight Index Average)	Track the performance of the benchmark.