

THE NUTRICIA LIMITED STAFF
PENSION SCHEME
STATEMENT OF INVESTMENT
PRINCIPLES

October 2024

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1 INTRODUCTION

This Statement of Investment Principles (“the Statement”) has been prepared by Cow and Gate Pension Trustees Limited as Trustee of The Nutricia Limited Staff Pension Scheme (“the Scheme”) in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

The Statement outlines the principles governing the investment policy of the Scheme and the activities undertaken by the Trustee to ensure the effective implementation of these principles. The Statement also details the Trustee’s compliance with the Pension Regulator’s ‘Investment Guidance for Defined Benefit Pension Schemes’.

In preparing the Statement, the Trustee has:

- obtained and considered written advice from a suitably qualified person by obtaining written advice from its Investment Adviser, Mercer Ltd (“Mercer”), whom it believes to have a degree of knowledge and experience that is appropriate for the management of its investments; and
- consulted with the Sponsoring Employer (the “Sponsor”) to ascertain whether there are any material issues of which the Trustee should be aware in agreeing the Scheme’s investment arrangements and, in particular, on the Trustee’s objectives. Although it affirms that no aspect of its strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.

The advice and the consultation process considered the suitability of the Trustee’s investment policy for the Scheme.

The Trustee will review the Statement formally at least every three years to coincide with the triennial Actuarial Valuation or other actuarial advice relating to the statutory funding requirements. Furthermore, the Trustee will review the Statement without delay after any significant change in investment policy. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Sponsoring Employer.

2 PROCESS FOR CHOOSING INVESTMENTS

In May 2024, the Trustee disinvested all of the assets held with Mercer and with additional support from the Company, completed a “buy-in” transaction with Just Retirement Limited (“Just”) via a bulk purchase annuity policy (the “policy”). Just are a UK insurance company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority. The Scheme also holds a policy with Legal & General. The objective of the policies are to match the Scheme’s benefit payments relating to those pensions covered by the policies. In due course, the Trustee may explore a full buy-out of the member’s benefits, with the support of the Company, and this could result in the Scheme being wound up.

In considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of Mercer, whom the Trustee believes to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee’s opinion, consistent with the requirements of Section 36 of the Act (as amended).

3 INVESTMENT OBJECTIVES

The Trustee's primary objective is to act in the best interest of its members and ensure that the obligations to the beneficiaries of the Scheme can be met. The main objective of the Trustee is therefore to reach a position such that the assets would be sufficient to at least meet the liabilities. In meeting this objective, the Trustees' further objectives are to:

- Ensure that the Scheme can meet its obligation to the beneficiaries of the Scheme.
- Consider a full buy-out of the members' benefits with Just and Legal & General and, at that stage wind-up the Scheme.

The objectives set out above alongside the risks and other factors referenced in this Statement are those that the Trustees determine to be financially material considerations.

The objectives set out above and the risks and other factors referenced in this Statement are those that the Trustee determine to be financially material considerations. Non-financial considerations are discussed in section 6.

4 RISK MANAGEMENT AND MEASUREMENT

Under the Pensions Act 2004, the Trustee is required to state its policy regarding the ways in which risks are to be measured and managed. These are set out below.

There are various risks to which any pension scheme is exposed. The Trustee's policy on risk management is as follows:

- Investment in bulk annuity policies represent a concentrated risk of the annuity providers not making the required payments. The policy in place is governed by substantial insurance market solvency regulations and the Trustee has further mitigated this credit risk through careful choice of providers and contract terms. The Trustee recognises that the investment in the bulk annuity contracts is illiquid.
- The Scheme is exposed to operational risk in relation to the buy-in with Just, who are taking on the majority of risks in relation to the Scheme's defined benefit liabilities.
- Given that all the Scheme's assets are now invested in the bulk annuity contracts with Just and Legal & General, the main risk to progressing to buy-out is the ability of the Company to fund any potential additional premium required to move to buy-out. The Trustee has considered the strength of the Company's covenant in their investment decisions. The Trustee is comfortable with this risk in light of the security of members' benefits provided by purchasing the bulk annuity policy and moving to buy-out.

5 INVESTMENT STRATEGY

REALISATION OF INVESTMENTS

The Scheme's principal assets are the bulk annuity contracts with Just and Legal & General. As a result, all of the Scheme's assets are represented by these contracts, with the exception of residual cash held in the Trustee's bank account.

The residual cash is to be held, in order to help the Trustee meet imminent cash outgo in connection with ongoing expenses arising that are to be met from the Scheme.

Future benefits payable from the Scheme prior to buy-out will be funded by the bulk annuity contracts.

6 ESG, STEWARDSHIP, AND CLIMATE CHANGE

The Trustee recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. However, given the Scheme's assets are now fully invested in the buy-in policy with Just, there is limited scope to apply these principles. Furthermore, as the Trustee's objective is to wind-up the Scheme, the timeframe for consideration of these factors is relatively short. In their assessment of bulk annuity providers the Trustee considered provider's ESG and stewardship policies and are therefore comfortable that due consideration to these factors is given by Just and Legal & General.

7 COMPLIANCE

The Scheme's Statement of Investment Principles is publicly available on the Danone website using the link below. In addition to this, the annual report and accounts are available to members on request.

<https://www.danone.co.uk/impact/policies-and-commitments.html>

A copy of the Scheme's current Statement is also supplied to the Sponsoring Employer, the Scheme's auditors and the Scheme Actuary.

This Statement of Investment Principles, supersedes all others and was approved by the Trustee on

Signed on behalf of the Trustee by
On
Full Name
Position