NUTRICIA LIMITED STAFF PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES

JULY 2020

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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 Directors 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 individual, employed by its Investment Adviser, Mercer, a trading name of JLT Benefit Solutions Limited, 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, 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 INVESTMENT OBJECTIVES

The Trustee's primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustee also aims to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

The Trustee has also received confirmation from the Scheme Actuary during the process of revising the investment strategy that its investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used for the Statutory Funding Objective.

3 INVESTMENT RESPONSIBILITIES

3.1. TRUSTEE'S DUTIES AND RESPONSIBILITIES

The Trustee is responsible for setting the investment objectives and determining the strategy to achieve the objectives.

The Trustee carries out its duties and fulfils its responsibilities as a single body. It has considered establishing an investment sub-committee but has decided not to do so, as each of the trustee directors wishes to contribute directly to the formulation of the Scheme's investment policy and to the monitoring of the investment managers. Moreover, the trustee body is not so large as to be unwieldy in its operations.

Sub-committees may be formed from time to time to examine specific issues.

The duties and responsibilities of the Trustee include, but are not limited to, the following tasks and activities:

- The regular approval of the content of the Statement
- The appointment and review of the Investment Manager and Investment Adviser
- The assessment and review of the performance of each underlying investment manager
- The setting and review of the investment parameters within which the Investment Manager can operate
- The assessment of the risks assumed by the Scheme at total scheme level and manager by manager
- The approval and review of the asset allocation benchmark for the Scheme
- The compliance of the investment arrangements with the principles set out in the Statement

If the Trustee sees fit, they are able to form an Investment Sub-Committee ("ISC") to aid in the management of the investment business plan.

3.2. INVESTMENT ADVISER'S DUTIES AND RESPONSIBILITIES

The Trustee has appointed Mercer as the Investment Adviser to the Scheme. Mercer provides advice as and when the Trustee requires it, as well as raising any investment-related issues, of which it believes the Trustee should be aware. Matters on which Mercer expects to provide advice to the Trustee include the following:

- Setting of investment objectives
- Determining investment strategy and asset allocation
- Determining an appropriate investment structure
- Liaising with JLT Investment Management ("JLT IM") to determine funds and investment managers that are suitable to meet the Trustee's objectives
- Setting cashflow management (investment and withdrawal) policies (see Appendix 2)

The Trustee may seek advice from Mercer with regard to both strategic and tactical investment decisions (see Section 4 – Investment Strategy); however, the Trustee recognises that it retains responsibility for all such decisions, including those that concern investments and disinvestments relating to cashflows (see Appendix 2). Mercer may be proactive in advising the Trustee regarding tactical investment decisions; however, there is no responsibility placed on Mercer to be proactive in all circumstances.

Mercer will also advice the Trustee of any significant developments of which it is aware relating to the investment managers, or funds managed by the investment managers in which the Scheme is invested, such that in its view there exists a significant concern that any of these funds will not be able to meet their long-term objectives.

Section 3.3 describes the responsibilities of JLT IM as Investment Manager to the Scheme.

Mercer makes a fund based charge for the services it provides as set out in its investment agreement with the Trustee.

Any additional services provided by Mercer will be remunerated primarily on a time-cost basis.

In particular, Mercer does not receive commission or any other payments in respect of the Scheme that might affect the impartiality of their advice, and as noted below, any discounts negotiated by JLT IM with the underlying managers are passed on in full to the Scheme.

The Trustee is satisfied that this is the most appropriate adviser remuneration structure for the Scheme.

Mercer is authorised and regulated by the Financial Conduct Authority ("FCA").

3.3. ARRANGEMENTS WITH INVESTMENT MANAGERS

The Trustee is a long term investor and does not look to change the investment arrangements on a frequent basis.

After considering appropriate investment advice, the Trustee appointed JLT IM as Investment Manager to the Scheme. JLT IM was first appointed in June 2013.

The key duty of JLT IM is to select investment managers suitable to each mandate within the Trustee's agreed asset allocation.

Investment managers are appointed by JLT IM based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

JLT IM will only invest in pooled investment vehicles. The Trustee therefore accepts that it cannot specify the risk profile and return targets of the manager, but pooled funds are chosen with appropriate characteristics to align with the overall investment strategy.

If a manager is significantly downgraded by Mercer's Manager Research Team, JLT IM will replace that manager with a suitable alternative.

JLT IM is also responsible for appointing a suitable Platform provider, which will provide the infrastructure to support the Scheme's investments and host the underlying investment managers' funds. The current Platform provider is Mobius Life Limited, whose appointment foregoes the need for a Custodian. Mobius Life Limited is authorised by the Prudential Regulation Authority ("PRA") and regulated by the FCA and the PRA.

The underlying investment managers are responsible for all decisions concerning the selection and de-selection of the individual securities within the portfolios they manage.

In the case of multi-asset mandates, the underlying investment managers are responsible for all decisions concerning the allocation to individual asset classes and changes in the allocations to individual asset classes.

All of the investment managers that will be selected by JLT IM will be authorised and regulated by the PRA, the FCA or both.

The underlying investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Scheme. Where possible, discounts have been negotiated by JLT IM with the underlying managers on their standard charges and the Scheme benefits directly from these discounts.

None of the underlying managers in which the Scheme's assets are invested have performance based fees which could encourage the manager to make short term investment decisions to hit their profit targets.

The Trustee therefore considers that the method of remunerating fund managers is consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, it will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustee accepts that it cannot influence the charging structure of the pooled funds in which the Scheme is invested, but is satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each fund's stated characteristics. The Trustee is therefore satisfied that this the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustee's policies as set out in this SIP.

JLT IM makes a fund based charge for the services it provides. This charge is specified in the contractual agreement between the Trustee and JLT IM.

JLT IM does not receive commission or any other payments in respect of the Scheme that might affect the impartiality of its actions and any discounts negotiated by JLT IM with the underlying managers are passed on in full to the Scheme.

JLT IM is authorised and regulated by the FCA.

All of the investment managers that will be selected by JLT IM will be authorised and regulated by the Prudential Regulation Authority ("PRA"), the FCA or both.

3.4. SUMMARY OF RESPONSIBILITIES

A summary of the responsibilities of all relevant parties, including the Scheme Actuary and the administrators, so far as they relate to the Scheme's investments, is set out in Appendix 4.

4 INVESTMENT STRATEGY

4.1. SETTING INVESTMENT STRATEGY

The Trustee has determined the investment strategy after considering the Scheme's liability profile and requirements of the Statutory Funding Objective, its own appetite for risk, the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustee has also received written advice from its Investment Adviser.

The basis of the Trustee's strategy is to divide the Scheme's assets between a "growth" portfolio, comprising assets such as equities, Diversified Growth Funds ("DGFs") and Multi Asset Credit ("MAC"), and a "matching" portfolio, comprising assets such as Gilts and liability driven investments ("LDI"). The Trustee regards the basic distribution of the assets to be appropriate for the Scheme's objectives and liability profile.

Taking all of these factors into consideration, the Trustee has determined that the benchmark asset allocation, as set out in Appendix 1, is suitable for the Scheme.

The Trustee has also established a trigger based de-risking plan, under which the aim is to achieve full funding on a funding basis similar to a buy-out type basis over an appropriate time horizon. Under the plan, JLT EB monitors, on a daily basis, the return required to achieve the Trustee's funding target by the agreed target date. If the funding level improves ahead of expectations, so that it is possible to move into lower risk assets with a lower target investment return, and still meet the requirements of the Trustee's funding plan, then the strategy will be amended to a revised allocation, as set out in Appendix 3.

In respect of the investment of contributions and disinvestments to meet member benefit payments, the Trustee has decided on a structured approach to rebalance the assets in accordance with the overall strategy. This approach is set out in Appendix 2.

4.2. INVESTMENT DECISIONS

The Trustee distinguishes between three types of investment decision: strategic, tactical and stock-level.

Strategic Investment Decisions

These decisions are long-term in nature and are driven by an understanding of the objectives, needs and liabilities of the Scheme.

The Trustee takes all such decisions. It does so after receiving written advice from the Investment Adviser and consulting with the Sponsoring Employer. Examples of such decisions and of tasks relating to the implementation of these decisions include the following:

- Setting investment objectives
- Determining the split between the growth and the stabilising portfolios
- Determining the allocation to asset classes within the growth and stabilising portfolios
- Determining the Scheme benchmark
- Reviewing the investment objectives and strategic asset allocation

Tactical Investment Decisions

These decisions are short-term and based on expectations of near-term market movements. Such decisions may involve deviating temporarily from the strategic asset allocation and may require the timing of entry into, or exit from, an investment market or asset class.

However, The Investment Manager can take such decisions within the guideline ranges defined by the Trustee and set out within the governing Investment Management Agreement. Such decisions are also made within the pooled funds in which the Scheme ultimately invests, and in this case they are the responsibility of the investment manager of the fund.

The Trustee could also take tactical investment decisions, although in practice this is only done to a very limited extent, if at all.

Stock Selection Decisions

All such decisions are the responsibility of the investment managers of the pooled funds in which the Scheme is invested.

4.3. TYPES OF INVESTMENTS TO BE HELD

The Trustee is permitted to invest across a wide range of asset classes.

All the funds in which the Scheme invests are pooled and unitised. The use of derivatives is as permitted by the guidelines that apply to the pooled funds. Details relating to the pooled funds can be found in Appendix 4.

The Trustee recognises the benefits of diversification across growth asset classes, as well as within them, in reducing the risk that results from investing in any one particular market. The Trustee has therefore decided to invest in Diversified Growth Funds (“DGF”), which are actively managed multi-asset funds. The managers of the DGFs invest in a wide range of assets and investment contracts in order to implement their market views.

Similarly, the Trustee has invested in pooled Multi Asset Credit (“MAC”) / Absolute Return Bond (“ARB”) funds, where the manager selects and manages allocations across a diversified spectrum of bond assets.

The Trustee notes that the actuarial value of the Scheme’s future benefits payments to members is sensitive to changes in long term interest rates and long term inflation expectations. The Trustee has decided to invest in Liability Driven Investment (“LDI”) funds which aim to respond in a similar way to changes in these factors and reduce the volatility of the Scheme’s funding position. This is referred to as hedging.

4.4. FINANCIAL CONSIDERATIONS

The Trustee Directors consider many risks which they anticipate could have the ability to impact the financial performance of the Scheme’s investments over the time horizon of the de-risking plan. Such risks are set out in Section 5 of this statement. One such risk is the risk attributable to environmental, social and governance (ESG) factors. The Trustee recognises that ESG factors can influence investment performance.

However, the Trustee Directors also recognise that their investments are held in pooled funds and they therefore have little ability to influence manager decisions on such factors.

The Trustees Directors will therefore familiarise themselves with their managers’ approach to incorporating ESG factors in to the investment decision making process.

In addition, the Trustee Directors will take in to account the views of their consultant on the abilities of managers to incorporate ESG factors when considering the selection, retention and realisation of investments.

4.5 NON-FINANCIAL CONSIDERATIONS

The Trustee only considers factors that are expected to have a financial impact on the Scheme’s investments. The Trustee has decided not to consider non-financial considerations, such as ethical views, or takes members’ preferences in to account when setting the investment strategy.

4.6 POLICY ON VOTING RIGHTS AND ENGAGEMENT MATTERS

The Trustee has concluded that the decision on how to exercise voting rights should be left with the Scheme's investment managers, who will exercise these rights in accordance with their respective published corporate governance policies. These policies, which are available on the respective managers' websites and provided to the Trustee from time to time, take into account the financial interests of shareholders and should be for the Scheme's benefit. The Trustee Directors will make sure they are familiar with their managers' stewardship and voting policies and raise any concerns via JLT EB.

Where the Trustee is specifically invited to vote on a matter relating to corporate policy, the Trustee Directors will exercise their right in accordance with what they believe to be the best interests of the majority of the Scheme's membership.

If the Trustee is specifically invited to vote on a matter relating to corporate policy, the Trustee would exercise its right in accordance with what it believes to be the best interests of the majority of the Scheme's membership.

5 RISK

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.

Solvency Risk and Mismatching Risk

- These are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities.
- These are managed by setting a Scheme-specific strategic asset allocation with an appropriate level of risk.

Manager Risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.
- It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process, and by appointing JLT IM to monitor and replace any managers where concerns exist over their continued ability to deliver the investment mandate.

Liquidity Risk

- This is monitored according to the level of cashflows required by the Scheme over a specified period.
- It is managed by holding an appropriate amount of readily realisable investments. The Scheme's assets are invested in pooled funds which are readily realisable.

Political Risk

- This is measured by the level of concentration in any one market leading to the risk of adverse influence on investment values arising from political intervention.
- It is managed by regular reviews of the investments and through investing in funds which give a wide degree of diversification.

Corporate Governance Risk

- This is assessed by reviewing the Scheme's investment managers' policies regarding corporate governance.
- It is managed by delegating the exercise of voting rights to the managers, who exercise this right in accordance with their published corporate governance policies. Summaries of these policies are available to the Trustee and take into account the financial interests of the shareholders, which should ultimately be to the Scheme's advantage.

Sponsor Risk

- This is assessed as the level of ability and degree of willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit.
- It is managed by assessing the interaction between the Scheme and the sponsor's business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the sponsor. Regular updates on employer covenant are provided to the Trustee by senior staff of the sponsor.

Legislative Risk

- This is the risk that legislative changes will require action from the Trustee so as to comply with any such changes in legislation.
- The Trustee acknowledges that this risk is unavoidable but will seek to address any required changes so as to comply with changes in legislation.

Credit Risk

- This is the risk that is associated with the inability of a borrower to repay, in full or part the monies which it owes to a creditor.
- The Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.
- The Scheme's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.
- Indirect credit risk arises in relation to underlying bond investments held in the pooled funds. This risk is mitigated by investing in MAC / ARB funds with diversified portfolios and by investing in LDI funds with sound collateralisation and risk management procedures.

Market Risk

- This is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of the following three types of risk; currency risk, interest rate risk and other price risk.

Currency Risk

- This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, it may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.
- This risk is managed by investing a large proportion of the Scheme's growth assets in DGFs. Within the DGFs the management of currency risk related to overseas investments is delegated to the underlying investment managers. However, the DGFs have a Sterling benchmark and by investing in a diversified investment portfolio, the impact of currency risk is mitigated.

Interest rate risk

- This is the risk that an investment's value will change due to a change in the level of interest rates. This affects debt instruments more directly than growth instruments.
- The Trustee recognises that the Scheme's liabilities are exposed to a significant level of interest rate risk and for this reason it is desirable for the Scheme's assets to be exposed to a similar level of interest rate risk. The Trustee manages the Scheme's interest rate risk by considering the net risk when taking account of how the liabilities are valued.
- The Trustee has invested into LDI funds, which provide a significant level of protection against movements in interest rates.

Other Price risk

- This is the risk of volatility that principally arises in relation to the return seeking assets.
- The Trustee acknowledges that a scheme can manage its exposure to price risk by investing in a diverse portfolio across various markets and has therefore invested a large proportion of the Scheme's return seeking assets in DGFs in order to achieve a diversified exposure to different investment markets and manage this risk.

ESG Risk

- This is the risk that Environmental, Social or Corporate Governance concerns, including climate change, have a financially material impact on the return of the Scheme's assets.
- The Trustee manages this risk by investing in well-respected investment managers where ESG principles are appropriately included in the investment decision making process.

- The Trustee has built an annual review of ESG developments into its business plan as part of which it will review the Investment Adviser’s scoring of its managers.
- The Trustee is aware that Responsible Investing is one of the core beliefs of the Investment Manager and the Investment Adviser. As a result part of the rating process of the Investment Adviser and decision making process of the Investment Manager in relation to the underlying investment managers is based on its financial stewardship and how well the investment manager integrates governance and sustainability into its investment process.

6 MONITORING OF INVESTMENT ADVISER AND MANAGERS

6.1. INVESTMENT ADVISER

The Trustee continually assesses and reviews the performance of its adviser in a qualitative way.

6.2. INVESTMENT MANAGERS

The Trustee receives quarterly monitoring reports on the performance of the underlying investment managers from Mercer on a quarterly basis, which presents performance information over 3 months, 1 year and 3 years. The reports show the absolute performance and performance against the managers' stated target performance (over the relevant time period) on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of the underlying managers' performance.

The reporting also reviews the performance of the Scheme's assets in aggregate against the Scheme's strategic benchmark.

JLT IM, as Investment Manager has the role of replacing the underlying investment managers where appropriate. It takes a long-term view when assessing whether to replace the underlying investment managers, and such decisions would not be made based solely on short-term performance concerns. Instead, changes would be driven by a significant downgrade of the investment manager by Mercer's Manager Research Team. This in turn would be due to a significant reduction in Mercer's confidence that the investment manager will be able to perform in line with their fund's mandate over the long term.

Changes will be made to the underlying managers however if there is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager.

6.3. PORTFOLIO TURNOVER COSTS

The Trustee does not currently monitor portfolio turnover costs for the funds in which the Scheme is invested, although notes that the performance monitoring which it receives is net of all charges, including such costs. Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.

The Trustee is also aware of the requirement to define and monitor targeted portfolio turnover and turnover range.

Given that the Scheme invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustee does not have an overall portfolio turnover target for the Scheme.

The Trustee is working with Mercer to determine the most appropriate way to obtain and monitor the information required in relation to the pooled funds in which the Scheme is invested and will include further information about this when next updating the SIP.

7 BEST PRACTICE

The Trustee is aware of the recommendations set out by the Pension Regulator in the paper ‘Investment Guidance for Defined Benefit Pension Schemes’, which was released in March 2017.

8 COMPLIANCE

The Scheme's Statement of Investment Principles and annual report and accounts are available to members on request.

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

This Statement of Investment Principles, taken as a whole with the Appendices, supersedes all others and was approved by the Trustee on ....

Signed on behalf of the Trustee by	**..**	**..**
On	**..**	**..**
Full Name	**..**	**..**
Position	**..**	**..**

APPENDIX 1: ASSET ALLOCATION BENCHMARK

The Scheme's initial strategy asset allocation benchmark (targeting a return of Gilts + 3.5% p.a.) is set out below:

	Allocation	Guideline range
Growth Assets	90%	
Multi Asset Credit	8%	+/-5%
Emerging market equities	8%	+/-2.5%
Diversified Growth	42%	+/-15%
Equity Linked Liability Driven Investments	32%	+/-12.5%
Matching Assets	10%	
Liability driven investments	10%	+/-5%

The asset allocation will be monitored by JLT IM so as to maintain it within the guideline ranges.

A trigger based de-risking framework is in place, details of which are set out in Appendix 3.

The policy for rebalancing and investment/disinvestment of cashflows is set out in Appendix 2.

Appendix 4 provides information about the funds in which the assets are invested.

APPENDIX 2: CASHFLOW AND REBALANCING POLICY

Rebalancing Policy

The asset allocation will be monitored by the Investment Manager and a suitable procedure has been put in place for rebalancing.

Details of this procedure are specified in the Investment Management Agreement (IMA) with JLT IM.

Any change to the Central Allocation or guideline range will require a signed Addendum to the IMA.

Cashflows Policy

The Trustee has put in place a suitable procedure for managing the Scheme’s cashflows.

Details of this procedure are specified in the IMA with JLT IM.

For avoidance of doubt, this Statement will not be revised purely in relation to a change in cashflow policy.

LDI Recapitalisation

The Trustee notes that the LDI manager may require additional assets from time to time in order to support the operation of the LDI funds or may release assets from time to time. The Trustee has put in place a policy regarding this recapitalisation/release procedure.

This policy is set out in the IMA with JLT IM.

APPENDIX 3: ASSET ALLOCATION FRAMEWORK

The Scheme's strategic asset allocation benchmark for each given required investment return used within the trigger based de-risking plan is set out below:

Required Return	Gilts + 1.0% p.a.	Gilts + 1.5% p.a.	Gilts + 2.0% p.a.	Gilts + 2.5% p.a.	Gilts + 3.0% p.a.	Gilts + 3.5% p.a.
Growth Assets						
Multi Asset Credit	15%	8%	8%	8%	8%	8%
Absolute Return Bonds	5%	-	-	-	-	-
Emerging Market Equities	-	-	-	-	5%	8%
Diversified Growth	20%	44%	50%	50%	44%	42%
Equity Linked Real LDI	-	-	-	4%	4%	6%
Equity Linked Nominal LDI	-	-	7%	12%	19%	26%
Stabilising / Matching Assets						
LDI – Real	7%	7%	7%	4%	4%	2%
LDI – Nominal	16%	23%	23%	22%	16%	8%
Long UK Gilts	37%	18%	5%	-	-	-

If one of the underlying managers is significantly downgraded by Mercer's Manager Research Team, JLT IM will replace that fund with a suitable alternative as soon as is practicable.

For avoidance of doubt, this SIP will not be updated solely in response to a replacement of one of the underlying investment managers, although it will continue to be reviewed on a regular basis.

The Trustee monitors the underlying managers appointed from time to time, and is informed by JLT IM of any changes to those managers.

APPENDIX 4: INVESTMENT MANAGER ARRANGEMENTS

The Scheme invests with JLT IM, whose key responsibility it to appoint suitable investment managers to each of the mandates within the Trustees' agreed investment strategy as set out in Appendix 1.

The tables below show the details of the mandate(s) with each manager:

Growth Assets

Investment Manager / Fund	Fund Benchmark	Objective	Dealing Frequency	SORP/IFRS Class
Multi Asset Credit				
Payden & Rygel Absolute Return Bond Fund	LIBOR	To provide a return of LIBOR +2% to 3% (gross of fees) over a rolling three year period.	Daily	(b) / 2
Investec Global Total Return Credit Fund	LIBOR	Target performance in excess of 3 month GBP LIBOR + 4%p.a. over a full credit cycle (gross of fees)	Daily	(b) / 2
Overseas Equities				
Investec Emerging Markets Equity Fund	MSCI Emerging Markets Index	To outperform the MSCI Emerging Markets Index NDR by 2 - 3% per annum (gross of fees) over a rolling three year period.	Daily	(b) / 2
Diversified Growth Funds				
Investec DGF	CPI	To outperform the benchmark by 4.25% p.a. net of fees.	Daily	(b) / 2
Threadneedle Multi Asset Fund	UK Base Rate	To outperform the benchmark by 3.5% p.a. net of fees.	Daily	(b) / 2
Pictet Multi Asset Portfolio	3 Month LIBOR	To outperform the benchmark by 4% p.a. net of fees.	Daily	(b) / 2
Nordea Diversified Return Fund	3 Month LIBOR	To outperform the benchmark by 4.0% p.a. gross of fees.	Daily	(b) / 2
Equity Linked LDI				

BMO Equity Linked Real Dynamic LDI	The liability profile of a typical UK DB pension scheme	To provide a total return by providing exposure to Global Equities via the Synthetic Equity Portfolio and hedge against changes in interest rates and inflation via the Liability Portfolio.	Daily	(b) / 2
BMO Equity Linked Nominal Dynamic LDI	The liability profile of a typical UK DB pension scheme	To provide a total return by providing exposure to Global Equities via the Synthetic Equity Portfolio and hedge against changes in interest rates via the Liability Portfolio.	Daily	(b) / 2

Matching Assets

Investment Manager / Fund	Fund Benchmark	Objective	Dealing Frequency	SORP/IFRS Class
Liability Driven Investments				
BMO Real Dynamic LDI	The liability profile of a typical UK DB pension scheme	To provide hedging by offering inflation and interest rate protection which replicates the liability profile of a typical UK DB pension scheme	Daily	(b) / 2
BMO Nominal Dynamic LDI	The liability profile of a typical UK DB pension scheme	To provide hedging by offering interest rate protection which replicates the liability profile of a typical UK DB pension scheme	Daily	(b) / 2

APPENDIX 4: RESPONSIBILITIES OF PARTIES

TRUSTEE

The Trustee's responsibilities include the following:

- Reviewing at least triennially, and more frequently if necessary, the content of this Statement in consultation with the Investment Adviser and modifying it if deemed appropriate
- Reviewing the investment strategy following the results of each actuarial review, in consultation with the Investment Adviser and Scheme Actuary
- Appointing the Investment Manager(s) and custodian (if required)
- Assessing the quality of the performance and processes of the Investment Manager(s) by means of regular reviews of investment returns and other relevant information, in consultation with the Investment Adviser
- Consulting with the sponsoring employer regarding any proposed amendments to this Statement
- Monitoring compliance of the investment arrangements with this Statement on a continuing basis

INVESTMENT ADVISER

The Investment Adviser's responsibilities include the following:

- Participating with the Trustee in reviews of this Statement of Investment Principles
- Production of performance monitoring reports
- Advising the Trustee, at its request, on the following matters:
  - Through consultation with the Scheme Actuary, how any changes within the Scheme's benefits, membership, and funding position may affect the manner in which the assets should be invested
  - How any significant changes in the Investment Managers' organisation, or that of the underlying investment managers, could affect the interests of the Scheme
  - How any changes in the investment environment could present either opportunities or problems for the Scheme
- Undertaking project work, as requested, including:
  - Reviews of asset allocation policy
  - Research into and reviews of Investment Managers
- Advising on the selection of new managers and/or custodians

INVESTMENT MANAGERS

As noted in this SIP, JLT IM has been appointed as Investment Manager and will select underlying investment managers on behalf of the Trustee.

JLT IM's responsibilities include the following:

- Providing the Trustee on a quarterly basis (or as frequently as required) with a statement and valuation of the assets
- Informing the Trustee of any changes in the internal performance objectives and guidelines of any pooled fund used by the Scheme as and when they occur
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments
- Managing the Scheme's assets in accordance with the mandate set out in the IMA
- Replacing a manager that is significantly downgraded by JLT's Manager Research Team with a suitable alternative
- Appointing a suitable Platform provider on behalf of the Trustee

The responsibilities of the underlying investment managers include:

- Informing the Platform provider of any changes in the internal performance objectives and guidelines of their funds
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments
- Managing their funds in accordance with their stated mandates

SCHEME ACTUARY

The Scheme Actuary's responsibilities include the following:

- Liaising with the Investment Adviser regarding the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme
- Assessing the funding position of the Scheme and advising on the appropriate response to any shortfall
- Performing the triennial (or more frequent, as required) valuations and advising on the appropriate contribution levels

ADMINISTRATOR

The Administrator's responsibilities include the following:

- Ensuring there is sufficient cash available to meet benefit payments as and when they fall due
- Paying benefits and making transfer payments
- Investing contributions not required to meet benefit payments with the Investment Manager according to the Trustee's instructions.