

LEE BEESLEY DERITEND PENSION
SCHEME
STATEMENT OF INVESTMENT
PRINCIPLES

SEPTEMBER 2020

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1 INTRODUCTION

This Statement of Investment Principles (“the Statement”) has been prepared by the Trustee of the Lee Beesley Deritend 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.

In preparing the Statement, the Trustee has:

- Obtained and considered written advice from a suitably qualified individual, employed by its investment consultants, Mercer Limited (“Mercer”), whom it believes to have a degree of knowledge and experience that is appropriate for the management of the scheme’s investments; and
- Consulted with the Sponsoring Employer, although it affirms that no aspect of the 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 their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in 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. It carries out its duties and fulfils its responsibilities as a single body.

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

- Reviewing at least triennially, and more frequently if necessary, the content of this Statement in consultation with both the Investment Adviser and the Sponsoring Employer
- Reviewing the investment strategy following the results of each actuarial review, in consultation with the Investment Adviser and Scheme Actuary
- The appointment and review of the Investment Manager and Investment Adviser
- The assessment and review of the performance of each 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 underlying 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

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
- Reviewing and amending the Statement
- 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)
- Through consultation with the Scheme Actuary, assessing 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 could affect the interests of the Scheme
- How any changes in the investment environment could present either opportunities or problems for the Scheme

The Trustee may seek advice from Mercer with regard to both strategic and tactical investment decisions (see Section 4 - Investment Strategy); however, they recognise that they retain 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.

The Trustee monitors the performance of the Scheme's investment managers against their benchmarks. Mercer will provide performance monitoring reports to aide the Trustee in this process.

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

Mercer makes a fund based charge as specified within the Investment Consultancy Services Agreement.

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 and these discounts 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 INVESTMENT MANAGERS' DUTIES AND RESPONSIBILITIES

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 October 2017.

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 ("MMRT"), 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 Statement.

JLT IM makes a fund based charge for the services it provides. This charge is specified in the Investment Manager 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.

The Trustee believes that this is the most appropriate basis for remunerating managers.

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

SETTING INVESTMENT STRATEGY

The Trustee has determined its 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 diversified growth, multi-asset and property and a "Stabilising" portfolio, comprising assets such as liability driven investments ("LDI"). The Growth-Stabilising allocation is set with regard to the overall required return objective of the Scheme's assets, which is determined by the funding objective and current funding level, and the desire to mitigate risk through hedging of the Scheme's interest rate and inflation risks, taking consideration of the instruments being used to hedge these risks.

The Trustee has established a benchmark allocation to each asset class within each strategic asset allocation, which is set out in Appendix 1.

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. Where they consider it advisable to do so, the Trustee has appointed investment managers to select and manage the allocations across growth asset classes, in particular where it would not be practical (or appropriate) for the Trustee to commit the resources necessary to make these decisions itself.

In respect of the investment of contributions and any 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 itself. They do so after receiving written advice from its 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.

These decisions are the responsibility of the Trustee. However, where such decisions are made within a pooled fund, they are the responsibility of the investment manager of the fund.

Stock Selection Decisions

All such decisions are the responsibility of the investment managers of the 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, including, but not limited to, the following:

- UK and overseas equities
- UK and overseas fixed and inflation-linked government bonds
- UK and overseas Corporate and convertible bonds
- Property
- Commodities
- Hedge Funds
- Private equity and infrastructure
- High yield bonds and emerging market debt
- Diversified growth
- Liability driven investment products
- Cash

All the funds in which the Scheme invests are pooled and unitised. The use of derivatives is permitted by the guidelines that apply to the pooled funds. Details relating to the pooled funds can be found in Appendix 3.

4.4 FINANCIALLY MATERIAL CONSIDERATIONS

The Trustee understands that they must consider all factors that have the ability to impact the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Trustee recognises that ESG factors, such as climate change, can influence the investment performance of the Scheme's portfolio and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process.

As noted earlier, the Scheme's assets are invested in pooled funds. The Trustee accepts the fact that they have very limited ability to influence the ESG policies and practices of the companies in which their managers invest. The Trustee will therefore rely on the policies and judgement of their investment managers.

Whilst certain investment decisions have been delegated to JLT IM as the investment manager, the Trustee recognises that their views on the financial materiality of environmental, social, and corporate governance factors on risk and return are retained as a Trustee decision. If the Trustee wishes to adopt a specific approach to incorporating these factors in the future then a conversation with JLT IM will be required in order to ensure effective implementation.

The Trustee considers how ESG, climate change and stewarding are integrated within JLT IM's investment processes and those of the underlying managers on a regular basis.

4.5 NON-FINANCIAL CONSIDERATIONS

The Trustee only considers factors that are expected to have a financial impact on the Scheme's investments. Non-financial considerations, such as ethical views, are not implemented in the current investment strategy.

4.6 CORPORATE GOVERNANCE AND VOTING POLICY

The Trustee has concluded that the decision on how to exercise voting rights should be left with their investment managers, who will exercise these rights in accordance with their respective published corporate governance policies. These policies, which are provided to the Trustee from time to time, take into account the financial interests of shareholders and should be for the Scheme's benefit.

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

4.7 STEWARDSHIP

The Trustee, in conjunction with its advisors, will monitor the performance, strategy, risks, ESG policies and corporate governance of the investment managers. In particular, the Trustee will monitor:

- The performance of the investment manager / fund relative to its stated performance objective(s). Whilst performance over all time periods will be considered, the focus will be on the medium to long-term performance of the investment manager / fund. Where performance has failed to meet expectations and/or the MMRT's views on the future expectations of performance has changed, the underlying investment manager / fund would be replaced with a suitable alternative;
- Performance of the overall strategy relative to the investment objective. Where performance has underperformed the objective, the Trustee must understand the reasons for the underperformance and, where appropriate, make any necessary changes to the strategy;
- It is recognised that the level of investment risk will change from one period to the next due to factors out with their control, e.g. general market movements. The level of risk will be monitored on a regular basis to ensure that the Scheme is not undertaking an excessive level of risk and that these risks are balanced appropriately;
- The ESG and Stewardship policies of the underlying investment manager will be reviewed on a regular basis. As the Scheme invests in pooled funds, the Trustee recognises that their ability to influence the stewardship policies of the underlying investment manager is limited. As such, any changes to the Trustee's view on these matters, or a change in the stewardship policies of the investment manager, could potentially result in the investment manager being replaced.

If the Trustee has any concerns, they will raise them with JLT IM or Mercer, verbally or in writing.

5 RISK

The Trustee is aware, and seeks to take account of a number of risks in relation to the Scheme's investments. 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.

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.

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 Trustee acknowledges that the assessment of credit risk on individual debt instruments is delegated to the investment manager. The Trustee will however ensure that it is comfortable with the amount of risk that the Scheme's investment manager takes.

Market Risk

- This is the risk that 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

- 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, the Scheme 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.
- The Trustee acknowledges that currency risk related to overseas investments is delegated to, and hedged where deemed appropriate, by the underlying investment managers.

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 acknowledges that the interest rate risk related to individual debt instruments, and particularly liability driven instruments ("LDI"), is managed by the underlying investment managers through a combination of strategies, such as diversification, duration and yield curve management, and hedging via swaps, particularly where LDI is involved.

Other Price risk

- This is the risk that principally arises in relation to the return seeking portfolio, which invests in equities, equities in pooled funds, equity futures, hedge funds, private equity and property.
- The Trustee acknowledges that a scheme can manage its exposure to price risk by investing in a diverse portfolio across various markets.

Inflation

- This is the risk that an investment's value will change due to a change in the level of expected inflation. This affects debt instruments more directly than growth instruments.
- The Trustee acknowledges that the inflation risk related to individual debt instruments, are managed by the underlying investment managers through a combination of strategies, such as diversification, duration and yield curve management.
- The Trustee recognises that the Scheme's liabilities are exposed to a significant level of inflation risk and for this reason it is desirable for the Scheme's assets to be exposed to a similar level of interest rate risk.

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.

To do so, the Trustees will consider the objectives it set for its investment adviser in the document entitled "Strategic Objectives for Investment Consultancy Services" which was signed and formally adopted by the Trustees in October 2019.

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, performance against the manager's 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 the MMRT. 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 in a future update of the Statement.

7 ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCS)

The Trustee holds assets separately from the main fund, in the form of individual insurance policies, securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions (AVCs).

8 CODE OF BEST PRACTICE

The Trustee notes that in March 2017 the Pensions Regulator released 'Investment Guidance for Defined Benefit Pension Schemes'.

The Trustee has received training in relations to this guidance and is satisfied that the investment approach adopted by the Scheme is consistent with the guidance so far as it is appropriate to the Scheme's circumstances.

The Trustee meets with its investment adviser on a regular basis, monitoring developments both in relation to the Scheme's circumstances and in relation to evolving guidance, and will revise the Scheme's investment approach if considered appropriate.

9 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 investment managers, 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 31/10/2020.....

Signed on behalf of Lee Beesley Deritend Pension Trustee Limited as Trustee of the Lee Beesley Deritend Pension Scheme

On

Full Name AMUS DEDAT

Position TRUSTEE

APPENDIX 1: ASSET ALLOCATION BENCHMARK

The Scheme's strategic asset allocation benchmark is set out below.

Asset Class	Strategic Allocation	Guideline Range
Growth Assets	46.5%	+/- 10.0%
Multi Asset	33.1%	+/- 10.0%
Liquid	10.3%	+/-5.0%
Illiquid	3.1%	+/- 3.1%
Stabilising – Equity Linked Assets	32.9%	+/- 10.0%
Gilts – Inflation Linked UK	11.3%	+/- 5.0%
Gilts – Inflation Linked Overseas	11.3%	+/- 5.0%
Cash	0.0%	+/-10.0%
Low Duration	10.3%	+/-5.0%
Stabilising Assets	20.6%	+/- 10.0%
LDI – Real (Longer Duration)	7.2%	+/- 3.5%
LDI – Nominal (Longer Duration)	13.4%	+/- 7.0%
Total Scheme	100.0%	

Note: LDI is being used as a stabilising asset to hedge interest rate and inflation rate risks.

The asset allocation will be monitored by JLT IM so as to maintain it within the guideline ranges. The policy for rebalancing and investment / disinvestment of cashflows is set out in Appendix 2.

Appendix 3 provides information about the mandates for the funds in which the assets are invested.

APPENDIX 2: CASHFLOW AND REBALANCING POLICY

Where possible, cash outflows will be met from cash balances held by the Scheme and income from the Scheme's investments in order to minimise transaction costs.

Investments or disinvestments should be applied in such a way as to bring the actual asset allocation back towards the Scheme's central benchmark asset allocation, as set out in Appendix 1.

The Trustee will review the cashflow policy from time to time to ensure that it remains appropriate taking into account changes in the Scheme's cashflow requirements.

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

APPENDIX 3: INVESTMENT MANAGER INFORMATION

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

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

Growth Assets

Manager / Fund	Benchmark	Objective	Dealing Frequency
Multi Asset			
Pictet Multi Asset	3 Month LIBOR	To outperform the benchmark by 4% (net of fees) over a 3-5 year period.	Daily
Ninety One Diversified Growth	UK CPI	To outperform the benchmark by 5% p.a. (gross of fees) over a full economic cycle, typically 5 years.	Daily
Threadneedle Multi-Asset	UK Base Rate	To outperform the benchmark by at least 3.5% (net of fees) over a 5 to 7 year-cycle.	Daily
Growth Liquid			
LGIM World Equity – GBP Hedged	FTSE World Index (less withholding tax) GBP Hedged	To track the benchmark to within +/- 0.5% p.a. for 2 years out of 3	Daily
Illiquid			
BlackRock UK Property	IPD All Balanced Property Funds Index Weighted Average	To track the benchmark and achieve capital growth	Daily

Stabilising Assets

Manager / Fund	Benchmark	Objective	Dealing Frequency
Equity-Linked			
BMO UK Equity-Linked Inflation	100% Composite Equity Index* 75% FTSE A Index-Linked Over 5 Year Index Minus 75% LIBID 7 Day Index	To provide a total return by investing predominantly in index-linked UK government securities together with approximately 100% exposure to UK equities through exchange traded futures.	Daily
BMO Overseas Equity-Linked UK Inflation	100% Composite Equity Index* 75% FTSE A Index-Linked Over 5 Year Index Minus 75% LIBID 7 Day Index	To provide a total return by investing predominantly in index-linked UK government securities together with approximately 100% exposure to overseas equities through exchange traded futures.	Daily
Low Duration			
Ninety One Global Total Return Credit	3 Month LIBOR Index +4.0% p.a. (Gross of Fees)	To outperform the target benchmark over the credit cycle	Daily
Stone Harbor Multi Asset Credit	Absolute Return 5.0% p.a	To outperform the benchmark (gross of fees)	Daily
Longer Duration			
BMO Real Dynamic LDI	The liability profile of a typical UK DB pension scheme	To provide liability hedging by offering interest rate and inflation protection which replicates the liability profile of a typical UK defined benefit pension scheme.	Weekly
BMO Nominal Dynamic LDI	The liability profile of a typical UK DB pension scheme	To provide liability hedging by offering interest rate protection which replicates the liability profile of a typical UK defined benefit pension scheme.	Weekly

* Composite Equity Index is composed: 33.3% S&P 500 Index / 33.3% EuroStoxx 50 Index / 16.67% Topix Index / 8.33% ASX200 Index / 8.33% Hang Seng Index.

The assets for the underlying managers are hosted on an investment platform provided by Mobius Life Limited.

For avoidance of doubt, the Statement will not be updated solely in response to a replacement of one of the underlying investment managers.

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 the Statement, 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 Mercer'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.