

RAYOVAC EUROPE LIMITED RETIREMENT BENEFITS SCHEME STATEMENT OF INVESTMENT PRINCIPLES

AUGUST 2020

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1 INTRODUCTION

This Statement of Investment Principles (“the Statement”) has been prepared by the Trustees of the Rayovac Europe Limited Retirement Benefits 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 Trustees to ensure the effective implementation of these principles.

In preparing the Statement, the Trustees have:

- Obtained and considered written advice from a suitably qualified individual, employed by their investment consultants, Mercer whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments; and
- Consulted with the Sponsoring Employer, although they affirm that no aspect of their 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 Trustees’ investment policy for the Scheme.

The Trustees 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 Trustees 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 Trustees' 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 Trustees also aim to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

The Trustees have 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 TRUSTEES' DUTIES AND RESPONSIBILITIES

The Trustees are responsible for setting the investment objectives and determining the strategy to achieve the objectives. They carry out their duties and fulfil their responsibilities as a single body.

The duties and responsibilities of the Trustees 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 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 Trustees have appointed Mercer as the Investment Adviser to the Scheme. Mercer provides advice as and when the Trustees require it, as well as raising any investment-related issues, of which it believes the Trustees should be aware. Matters on which Mercer expects to provide advice to the Trustees 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 Trustees' objectives
- Setting Cashflow management (investment and withdrawal) policies (see Appendix 3)
- 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 Trustees 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 3). Mercer may be proactive in advising the Trustees regarding tactical investment decisions; however, there is no responsibility placed on Mercer to be proactive in all circumstances.

The Trustees monitor the performance of the Scheme's investment managers against their benchmarks. Mercer will provide performance monitoring reports to aid the Trustees in this process.

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

Mercer makes a fund based charge. This charge covers the services of both JLT IM and Mercer as specified within the Investment Management Agreement and the Implemented 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 Trustees are 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 ARRANGMENTS WITH INVESTMENT MANAGERS

The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis. After considering appropriate investment advice, the Trustees appointed JLT IM as Investment Manager in July 2016.

The key duty of JLT IM is to select investment managers suitable to each mandate within the Trustees' agreed asset allocation. JLT IM will contract with and appoint underlying investment managers to manage the Scheme's assets on behalf of the Trustee. JLT IM will also manage the asset allocation to ensure it is in line with the allocation defined in the IMA, and its tolerances, which will be dependent on the required rate of return.

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 Trustees therefore accept that they 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 Mercer's Manager Research Team downgrades a manager, JLT IM will replace that manager with a suitable alternative.

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 Trustees therefore consider 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 Trustees accept that they 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 Trustees are therefore satisfied that this the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustees' 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 Trustees 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 Trustees believe 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 5.

4 INVESTMENT STRATEGY

4.1 SETTING INVESTMENT STRATEGY

The Trustees have determined their investment strategy after considering the Scheme's liability profile and requirements of the Statutory Funding Objective, their 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 Trustees have also received written advice from their Investment Adviser.

The basis of the Trustees' strategy is to divide the Scheme's assets between a "Growth" portfolio, comprising assets such as equities and diversified growth, and a "Stabilising" portfolio, comprising assets such as government bonds, absolute return bonds, equity-linked bonds and liability driven investments ("LDI"). The basis of the split between these two portfolios is that growth assets are held in respect of the liabilities pertaining to deferred members and stabilising assets are held in respect of pensioner liabilities. The growth-stabilising allocation is also 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. The Trustees have established a framework to de-risk the Scheme's investment strategy based on a series of pre-determined trigger points. Each trigger point has an associated growth-stabilising allocation which, in turn, has an expected level of return linked to the Scheme's funding objective. Thus, the Trustees regard the basic distribution of the assets to be appropriate for the Scheme's objectives and liability profile. The initial and de-risking framework allocations are set out in Appendices 1 and 2.

The Trustees have established a benchmark allocation to each asset class within each strategic asset allocation, which is set out in Appendix 1, and as altered by Appendix 2.

The Trustees recognise 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 Trustees have 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 Trustees to commit the resources necessary to make these decisions themselves.

In respect of the investment of contributions and any disinvestments to meet member benefit payments, the Trustees have decided on a structured approach to rebalance the assets in accordance with their overall strategy. This approach is set out in Appendix 3.

4.2 INVESTMENT DECISIONS

The Trustees distinguish 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 Trustees take all such decisions themselves. They do so after receiving written advice from their 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 Trustees. However, where such decisions are made within a pooled fund, they are the responsibility of the investment manager of the fund.

It is noted that 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 Trustees are 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 4.

4.4 FINANCIAL CONSIDERATIONS

The Trustees understand 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 Trustees recognise 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.

The Trustee further recognises that investing with a manager who approaches investments in a responsible way and takes account of ESG related risks will lead to better risk adjusted performance results as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken.

The Trustee receives ESG scores provided by the Investment Adviser in relation to the funds in which the Scheme invests and will monitor how these develop over time.

The Trustee is therefore satisfied that ESG factors are appropriately reflected in the overall investment approach.

The Scheme's assets are invested in pooled funds, and therefore the Trustee accepts the fact that it has very limited ability to influence the ESG policies and practices of the companies in which its managers invest. However, the ESG policies of the pooled fund managers will be taken into account in the selection of future funds and managers and will be a factor in the selection process.

The Trustees have reviewed the ESG policies of their managers and concluded that they are appropriate. The Trustees will therefore rely on the policies and judgement of their investment managers when assessing the impact on the value of the Scheme's investments.

4.5 NON-FINANCIAL CONSIDERATIONS

The Trustees only consider 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 Scheme is invested solely in pooled investment funds. The Trustees' policy is to delegate responsibility for engaging with, monitoring investee companies and exercising voting rights to the pooled fund investment managers and expects the investment managers to use their discretion to act in the long term financial interests of investors.

The Trustees note that the investment managers' corporate governance policies are available on request and on their respective websites.

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

4.7 STEWARDSHIP

JLT IM and Mercer will monitor the performance, strategy, risks, ESG policies and corporate governance of the investment managers on behalf of the Trustees and discuss this with the Trustees as appropriate. If the Trustees have any concerns, they will raise them with JLT IM or Mercer, verbally or in writing.

5 RISK

The Trustees are aware, and seek to take account of a number of risks in relation to the Scheme's investments. Under the Pensions Act 2004, Trustees are required to state their 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 provided to the Trustees from time to time 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 Trustees by senior staff of the sponsor.

Legislative Risk

- This is the risk that legislative changes will require action from the Trustees so as to comply with any such changes in legislation.
- The Trustees acknowledge 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 Trustees acknowledge that the assessment of credit risk on individual debt instruments is delegated to the investment manager. The Trustees will however ensure that they are comfortable with the amount of risk that the Scheme's investment manager takes.

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

- 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 Trustees acknowledge that currency risk related to overseas investments is hedged appropriately by the underlying investment managers.

Inflation / 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 Trustees acknowledge 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 Trustees acknowledge that a Scheme can manage its exposure to price risk by investing in a diverse portfolio across various markets.

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 Trustees manage this risk by investing in well-respected investment managers where ESG principles are appropriately included in the investment decision making process.
- The Trustees are 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 & MANAGERS

6.1 INVESTMENT ADVISER

The Trustees continually assess and review the performance of their adviser in a qualitative way.

6.2 INVESTMENT MANAGERS

The Trustees receive quarterly monitoring reports on the performance of the underlying investment managers from Mercer, 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 reviews the performance of the Scheme's assets in aggregate against the Scheme's strategic benchmark and also of the development of the Scheme's assets relative to its liabilities.

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 Trustees do not currently monitor portfolio turnover costs for the funds in which the Scheme invests, 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 Trustees are 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 Trustees do not have an overall portfolio turnover target for the Scheme.

The Trustees are 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 CODE OF BEST PRACTICE

The Trustees note that in March 2017, The Pensions Regulator released 'Investment Guidance for Defined Benefit Pension Schemes'.

The Trustees meet with their 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.

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 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 Trustees on

Signed on behalf of the Trustees by Laura Devine

On 8 October 2020

Full Name LAURA DEVINE

Position TRUSTEE

APPENDIX 1: ASSET ALLOCATION BENCHMARK

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

Asset Class	Strategic Allocation	Guideline Range
Growth Assets	41.0%	+/- 10.0%
Diversified Growth	41.0%	+/- 10.0%
Stabilising Assets	59.0%	+/- 10.0%
Equity-Linked Real LDI	17.5%	+/- 5.0%
Credit Linked LDI	4.0%	+/- 2.0%
Nominal LDI	10.0%	+/- 5.0%
Index-Linked Gilts	21.0%	+/- 5.0%
Absolute Return Bonds	6.5%	+/- 2.5%
Total Scheme	100.0%	

Note: LDI is being used as a stabilising asset to target an approximate inflation and interest rate hedge ratio of 100% of the funded liabilities on a self-sufficiency basis.

As covered in Section 4.1, the strategic asset allocation may change over time to reflect different required rates of investment return in accordance with the Investment Management Agreement. This schedule is also summarised in Appendix 2.

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 3.

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

APPENDIX 2: ASSET ALLOCATION FRAMEWORK

The Scheme's strategic asset allocation benchmark for each given required investment return is set out below.

Required Return (p.a.)	Gilts + 2.5% p.a.	Gilts + 2.0% p.a.	Gilts + 1.5% p.a.	Gilts + 1.0% p.a.	Gilts + 0.5% p.a.
Growth Assets					
Diversified Growth	39.5% (+/- 10.0%)	33.5% (+/- 10.0%)	27.5% (+/- 10.0%)	20.5% (+/- 8.0%)	-
Stabilising Assets					
Equity-Linked Real LDI	19.0% (+/- 5.0%)	13.0% (+/- 5.0%)	7.0% (+/- 3.5%)	-	-
Nominal LDI	12.5% (+/- 6.5%)	12.5% (+/- 6.5%)	12.5% (+/- 6.0%)	12.5% (+/- 6.0%)	10.0% (+/- 5.0%)
Real LDI	-	-	7.0% (+/- 2.5%)	-	-
Index-Linked Gilts	24.0% (+/- 5.0%)	36.0% (+/- 5.0%)	48.0% (+/- 5.0%)	62.0% (+/- 5.0%)	62.0% (+/- 5.0%)
Fixed Interest Gilts	-	-	-	-	8.0% (+/- 5.0%)
Senior Secured Loans	5.0% (+/- 3.0%)	5.0% (+/- 3.0%)	5.0% (+/- 3.0%)	5.0% (+/- 3.0%)	20.0% (+/- 5.0%)

Note: The Trustees have currently suspended the de-risking framework.

APPENDIX 3: CASHFLOW AND REBALANCING POLICY

Where possible, cash outflows will be met from cash balances held by the Scheme and from 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, and as altered by Appendix 2.

The Trustees 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 4: INVESTMENT MANAGER INFORMATION

The Scheme invests with JLT IM, whose responsibility is to appoint suitable investment managers to each of the mandates within the Trustees' agreed investment strategy as set out in Appendix 1, and as altered by Appendix 2.

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

Growth Assets

Manager / Fund	Benchmark	Objective	Dealing Frequency	SORP / IFRS Class
Nordea Diversified Return	1 Month LIBOR Index	To outperform the benchmark by 3.3% p.a. (net of fees) over rolling 3 year periods.	Daily	(b) / 2
Investec Diversified Growth	UK CPI Index	To outperform the benchmark by 5% p.a. (gross of fees) over a rolling 5 year period.	Daily	(b) / 2
Columbia Threadneedle Multi-Asset Fund	UK Base Rate	To outperform the benchmark by 3.5% p.a. (net of fees) over the economic cycle	Daily	(b) / 2

Stabilising Assets

Manager / Fund	Benchmark	Objective	Dealing Frequency	SORP / IFRS Class
BMO Nominal Dynamic LDI	The nominal liability cashflow profile of a typical UK DB pension scheme	To provide interest rate protection by replicating the liability profile of a typical UK DB pension scheme	Weekly	(b) / 2
BMO Equity-Linked Real Dynamic LDI	The real liability cashflow profile of a typical UK DB pension scheme plus a composite global equity index	To provide interest rate and inflation protection by replicating the liability profile of a typical UK DB pension scheme, and currency hedged exposure to global equity	Weekly	(b) / 2
BMO Credit-Linked Real LDI	The real liability Cashflow profile of a pension fund's inflation-linked (real) liability cash flows plus a composite credit default swaps index	To provide exposure to global credit via the Synthetic Credit Portfolio and hedge against changes in interest rates and inflation expectations.	Weekly	(b) / 2
LGIM Over 15 Year Index-Linked Gilts Index	FTSE A Index-Linked Over 15 Years Index	To track the performance of the benchmark to within +/-0.25% p.a. for 2 years out of 3	Weekly	(b) / 2
Barings European Loans	CS Institutional Western European Leveraged Loan Index, Non-USD, Hedged to GBP	The fund seeks to provide investors with current income, and where appropriate, capital appreciation	Daily	(b) / 2

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

JLT IM will monitor the investment managers. If one of the managers is downgraded by Mercer's Manager Research Team to a "REVIEW" or "SELL" rating, that manager will automatically be replaced by JLT IM with a BUY (Preferred/Approved) rated alternative manager.

This SIP will not be updated solely in response to a replacement of one of the underlying investment managers.

APPENDIX 5: RESPONSIBILITIES OF PARTIES

TRUSTEES

The Trustees' 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 Trustees in reviews of this Statement of Investment Principles
- Production of performance monitoring reports
- Advising the Trustees, at their 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 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 statement, JLT IM has been appointed as Investment Manager and will sub-contract with underlying investment managers on behalf of the Trustees.

JLT IM's responsibilities include the following:

- Providing the Trustees on a quarterly basis (or as frequently as required) with a statement and valuation of the assets and a report on their actions and future intentions, and any changes to the processes applied to their portfolios
- Informing the Trustees 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
- Giving effect to the principles contained in the Statement as far as is reasonably practicable

The underlying investment managers contract with JLT IM and therefore do not have any direct responsibility to the Trustees.

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 Managers according to the Trustees' instructions.