

**THE MOTOR INSURERS' BUREAU
PENSION AND ASSURANCE SCHEME
STATEMENT OF INVESTMENT
PRINCIPLES**

SEPTEMBER 2020

TABLE OF CONTENTS

1 Introduction		3
2 Investment Objectives		4
3 Investment Responsibilities		5
3.1. Trustee's Duties and Responsibilities	5	
3.2. Investment Adviser's Duties and Responsibilities	5	
3.3. Arrangements with the Investment Manager	6	
3.4. Summary of Responsibilities	6	
4 Investment Strategy		7
4.1. Setting Investment Strategy	7	
4.2. Investment Decisions	7	
4.3. Types of Investments to be Held	8	
4.4. Financially Material Considerations	8	
4.5. Non-Financial Considerations	9	
4.6. Corporate Governance and Voting Policy	9	
5 Risk		10
6 Monitoring of Investment Adviser and Managers		13
6.1. Investment Adviser	13	
6.2. Investment Managers	13	
6.3. Portfolio Turnover Costs	13	
7 Additional Voluntary Contributions (AVCs)		14
8 Code of Best Practice		15
9 Compliance		16
Appendix 1: Asset Allocation Benchmark		17
Appendix 2: Cashflow and Rebalancing Policy		18
Appendix 3: Investment Manager Information		19
Growth Assets	19	
Stabilising Assets	19	
Appendix 4: Responsibilities of Parties		20
Trustee	20	
Investment Adviser	20	
Investment Managers	20	
Scheme Actuary	21	
Administrator	21	

1 INTRODUCTION

This Statement of Investment Principles (“the Statement”) has been prepared by the Trustee of The Motor Insurers’ Bureau Pension and Assurance 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 their investment consultants, Mercer, whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments;
- Completed, via their Investment Adviser, Mercer, satisfactory due diligence with regard to the Investment Manager, JLT Investment Management (“JLT IM”); 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 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.

The Trustee wishes to ensure that they can meet their obligations to the beneficiaries both in the short and long term.

The Trustee recognises that the investment performance of the Scheme's assets will not usually have a direct impact on the members' benefits. The investments can have an indirect impact on the members' benefits if they alter the Sponsoring Employer's ability and/or willingness to continue to support the Scheme.

With that in mind, the Trustee has set specific investment objectives regarding the manner in which the primary objective of meeting their obligations to the members is to be achieved:

- To pay the Scheme benefits as and when they fall due and avoid any reduction in benefits if possible
- To achieve and maintain a funding level of 100% on the on-going funding basis
- To maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme
- To pay due regard to the interests of the Sponsoring Employer in relation to the funding 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 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. They carry out their duties and fulfil their responsibilities as a single body.

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 Investment Manager
- The setting and review of the investment parameters within which the Investment Managers can operate
- The assessment of the risks assumed by the Scheme at a total scheme level and also 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
- 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)

Section 3.3 describes the responsibilities of JLT IM as investment manager to 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.

Mercer monitors the performance of the Scheme's Investment Managers against their benchmarks.

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.

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 THE 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 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, 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.

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.

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 Scheme Administrators, so far as they relate to the Scheme's investments, is set out at Appendix 4.

4 INVESTMENT STRATEGY

4.1. SETTING INVESTMENT STRATEGY

The Trustee has determined its 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 Trustee has also received written advice from their 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 Funds ("DGFs") and emerging market equities, and a "stabilising" portfolio, comprising assets such as gilts and index linked gilts. The growth-stabilising allocation is set having regard to the Scheme's liability profile, i.e. the split of liabilities between active, deferred and pensions and also the overall required return objective of the Scheme's assets, which is determined by the funding objective and current funding level. Thus, the Trustee regards the basic distribution of the assets to be appropriate for the Scheme's objectives and liability profile.

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

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 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 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 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, including, but not limited to, the following:

- UK and overseas equities
- UK and overseas government bonds, fixed and inflation-linked
- UK and overseas corporate bonds
- Convertible bonds
- Property
- Commodities
- Hedge Funds
- Private equity
- High yield bonds
- Emerging market debt
- Diversified growth funds
- Liability Driven Investment (“LDI”) 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.

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.

4.4. FINANCIALLY MATERIAL CONSIDERATIONS

In setting the investment strategy, the Trustee has prioritised assets which provide protection against movements in the Scheme’s liability value and also assets which provide diversification across a wide range of investment markets and considers the financially significant benefits of these factors to be paramount.

However, the Trustee understands that it must consider all factors that have the ability to impact the financial performance of the Scheme’s investments over an 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.

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.

However, the Trustee notes that ESG considerations are not paramount to the first level decision making process within the funds which provide either actively managed diversification or leveraged liability protection. However, in the actively managed Diversified Growth Funds in which the Scheme invests, whilst managers typically do not put ESG considerations at the heart of the asset allocation decision, they will embed ESG considerations into the management of the underlying asset classes where it is appropriate to do so.

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

4.5. NON-FINANCIAL CONSIDERATIONS

The Trustee's objective is that the financial interests of the Scheme members are its first priority when choosing investments.

It has decided not to consider non-financial considerations, such as ethical views, or to take members' preferences into account when setting the investment strategy.

4.6. CORPORATE GOVERNANCE AND VOTING POLICY

The Scheme is invested solely in pooled investment funds. The Trustee's 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 Trustee notes that the investment managers' corporate governance policies are available on request and on their respective websites.

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 Mercer's manager research process.

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 DGF funds with diversified portfolios.

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 and inflation risk

- This is the risk that an investment's value will change due to a change in the level of interest and/or market-implied inflation 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 and inflation risk and for this reason it is desirable for the Scheme's assets to be exposed to a similar level of risk. The Trustee manages the Scheme's interest rate and inflation risks by considering the net risk when taking account of how the liabilities are valued.
- The Trustee has invested into long dated government bond funds, which provide a good level of protection against movements in interest rates and market-implied inflation.

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 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 their Investment 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, 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 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 ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCS)

The Scheme provides a facility for members to pay AVCs to enhance their benefits at retirement.

Members AVCs are invested with the following providers:

- Scottish Windows

The Trustee believes the provider listed above offer a broad range of funds suitable for the needs of members.

The Trustee will review the Scheme's AVC providers periodically.

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 relation 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 Manager, 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 and adopted by the Trustee of the Motor Insurers' Bureau Pension and Assurance Scheme on **9th September 2020**.

APPENDIX 1: ASSET ALLOCATION BENCHMARK

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

Asset Class	Strategic Allocation	Guideline Range
Nordea – Diversified Return Fund	25.0%	+/- 10.0%
Columbia Threadneedle Investments - Multi Asset Fund	25.0%	+/- 10.0%
JP Morgan – Emerging Market Opportunities Fund	10.0%	+/- 5.0%
LGIM – Over 5 Year Index-Linked Gilt Index Fund	35.0%	+/- 20.0%
LGIM – Over 15 Year Gilt Index Fund	5.0%	+/- 5.0%

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 funds in which the assets are invested.

APPENDIX 2: CASHFLOW AND REBALANCING POLICY

CASHFLOWS

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 into line with the Investment Manager's operating ranges.

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.

REBALANCING

The Investment Manager is not required to rebalance to the central allocation but will instead operate within the ranges set out in Appendix 1.

Should the asset allocation for the following assets fall outside these ranges the Investment Manager, as soon as practical, inform the Trustees and their Investment Adviser in writing and await further instructions.

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
JP Morgan Emerging Markets Opportunities Fund	MSCI Emerging Markets Index	To outperform the UK Base Rate by at least a 3.5 %(net of fees) over a 5 to 7 year cycle.	Daily
Columbia Threadneedle Multi-Asset Fund	UK BoE Base Rate	To outperform the benchmark MSCI Emerging Markets Index by 2.3% to 4.3% p.a. (net of fees) over 3-year rolling period.	Daily
Nordea Diversified Return Fund	Cash (1 Month GBP LIBOR)	Long term strategic target of Cash +4% (gross of fees) over a rolling 3 year horizons.	Daily

STABILISING ASSETS

Manager / Fund	Benchmark	Objective	Dealing Frequency
L&G Over 5 Year Index-Linked Gilts Index Fund	FTSE A Index-Linked (over 5 Year) Index to within +/-0.25%	The investment objective of the fund is to track the performance of the FTSE A Index-Linked (over 5 Year) Index to with +/-0.25%p.a.	Daily
L&G Over 15 Year Gilts Index Fund	FTSE A Government (Over 15 Year) Index	The investment objective of the fund is to track the performance of the FTSE A Index (over 15 Year) Index to with +/-0.25%p.a.	Daily

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

For avoidance of doubt, this 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 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 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 and a report on their actions and future intentions, and any changes to the processes applied to their portfolios
- 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
- 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 Trustee.

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 Trustee's instructions.

CONTACT

Dorian Whitehead

Director

Dorian.Whitehead@MERCER.com

Hywel Ford

Associate Investment Consultant

Hywel.Ford@MERCER.com