Yorkshire Fittings Pension Scheme

Statement of Investment Principles

JULY 2022 Edition

Contents

1 Introduction

This Statement of Investment Principles ("the Statement") has been prepared by the Trustees of the Yorkshire Fittings 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 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 Mercer , whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments;
- liaised with Brewin Dolphin, the appointed investment manager for the Scheme's growth holdings 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.

The Trustees have received confirmation from the Scheme Actuary 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 have set up an Investment Sub-Committee (ISC), and which has a clear terms of reference to oversee the investment aspects of the Scheme.

The terms of reference include:

- Obtain and consider advice in relation to the appropriate investment strategy for the Scheme and make recommendations to the Board.
- Implement changes in investment strategy decided by the Board.
- Instruct transfers of assets between investment managers in order to re-balance portfolios within agreed ranges.
- Monitor and report to the Board on the performance of investments and investment managers.
- Monitor and report to the Board the performance of investment consultants.
- Recommend the appointment and removal of investment managers to the Board.
- Consider and negotiate the terms of appointment of any new investment managers and investment consultants selected by the Board, seeking professional advice where appropriate, and make recommendations to the Board to enter into agreements on the agreed terms of appointment.
- Consider and agree minor amendments to the terms of appointment of investment managers and investment consultants.
- Consider and agree amendments to the Statement of Investment Principles
- Make recommendations to the Board in relation to any major changes to the Statement of Investment Principles.
- Liaise with the Scheme’s investment managers as necessary regarding routine operational issues.
- Consult the Scheme’s sponsor in relation to investment matters.
- Carry out any additional investment related duties at the specific request of the Board.

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.
- Framing manager mandates.
- Selecting and replacing investment managers.

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 cash flows (see Appendix B). 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.

Mercer is remunerated by the combination of a fixed fee basis for recurring tasks and on a time-cost basis for other work. Mercer does not receive commission or any other payments in respect of the Scheme that might affect the impartiality of its advice. The Trustees believe 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 Arrangement with Investment Managers

The Trustees, after considering appropriate investment advice, have appointed professional, authorised investment managers to manage the assets of the Scheme. The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis.

Brewin Dolphin has been appointed to manage the Scheme's Growth Portfolio and was first appointed in 2008.

Brewin Dolphin manage their portfolio in line with the agreed investment objective and risk profile, which are reviewed on a regular basis. A key duty of Brewin Dolphin is to select appropriate pooled funds to invest in, suitable to the overall mandate, based on Brewin Dolphin's view of the capabilities of the pooled fund managers and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

The Trustees appointed BMO Global Asset Management ("BMO") to manage the Scheme's Liability Matching assets, and have invested in BMO's pooled Liability Driven Investment funds. BMO was first appointed in October 2014. In December 2021, Columbia Threadneedle ("CT") acquired the BMO LDI franchise. This does not impact or change the funds in which the Scheme's LDI mandate is invested.

The details of each manager's mandate and the basis of the contracts between the Trustees and their investment managers are set out in Appendix C.

Brewin Dolphin and CT are appointed by the Trustees based on their capabilities and therefore, their perceived likelihood of achieving the expected return and risk characteristics required for their respective mandates.

The Trustees have a segregated mandate with Brewin Dolphin, in which Brewin Dolphin has responsibility to invest in a range of pooled funds which they consider appropriate to achieve the overall risk and return objective of the mandate.

Brewin Dolphin is remunerated by ad valorem charges, with no commission charged on transactions.

This mandate reflects the Trustees' objectives for the Scheme, their attitude to risk, focus on cost, and views on ESG and related matters as set out within this SIP. The segregated nature of the arrangement with Brewin Dolphin means the Trustees can ensure that the portfolio characteristics remain aligned with their requirements. This drives a desire, within Brewin Dolphin, to reflect the specific demands of the Trustees in the management of the investments.

The underlying fund managers charge a percentage fee based on the value of the units held by the scheme, with the end result that fund managers will be incentivised, and rewarded, for consistent, risk adjusted outperformance. This also aligns the interests of the underlying fund managers with the Scheme's objectives.

CT is also remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Scheme.

The Trustees invest in CT's pooled investment vehicles and therefore accept that they cannot specify the risk profile and return targets, but the pooled funds are chosen with appropriate characteristics to align with the overall investment strategy.

The Trustees accept that they cannot influence the charging structure of the CT pooled funds in which the Scheme is invested, but are satisfied that the ad-valorem charges for the funds are clear and are consistent with each fund's stated characteristics.

The Trustees are therefore satisfied that the basis for remunerating the investment managers is the most appropriate for the Scheme and is consistent with the Trustee's policies as set out in this SIP.

Neither Brewin Dolphin nor CT have a performance related fee, which could incentivise them to make decisions to maximise short term performance in order to hit profit targets. The Trustees therefore consider that the method of remunerating their key investment 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, they 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.

CT, in relation to the Liability Matching assets and 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.

Both CT and Brewin Dolphin (and the underlying investment managers in the case of the discretionary Brewin Dolphin portfolio) are authorised and regulated by the FCA.

3.4 Summary of Responsibilities

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

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 Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant.

The basis of the Trustees' strategy is to divide the Scheme's assets between a "growth" portfolio, comprising assets such as equities and property, and a "matching" portfolio, comprising assets such as bonds and liability driven investments ("LDI"). The Trustees regard the basic distribution of the assets to be appropriate for the Scheme's objectives and liability profile.

The Trustees have established a benchmark allocation for their growth and liability driven investment assets, which is set out in Appendix 1. They have not set a range within which the allocation to each class is allowed to move without the need for corrective action to be taken. However, Brewin Dolphin, as manager of the growth portfolio, works towards tolerance levels, but has discretion to change the tolerances over time.

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. The Trustees have appointed Brewin Dolphin to select investment managers across growth asset classes.

In respect of the investment of contributions and any disinvestments to meet member benefit payments, the Trustees have decided on a structured approach to re-balance the assets in accordance with their overall strategy. This approach is set out in Appendix 2.

4.2 Investment Decisions

The Trustees distinguish between three types of investment decision: strategic, tactical and security-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 advisers 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 matching portfolios.
- Determining the allocation to asset classes within the growth and matching 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 can be made by the Trustees.

However, tactical decisions within the Brewin Dolphin portfolio are the responsibility of Brewin Dolphin. The discretionary powers that the Trustees have given to Brewin Dolphin mean that they can take tactical decisions within the overall framework of the broader strategic weights which have been set by the Trustees.

Where tactical 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 Scheme's assets are invested wholly via pooled vehicles. The manager can invest in individual stock holdings but has never done so historically and is unlikely to do so in the future.

The Trustees are permitted to invest across a wide range of asset classes, including 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
- Liability driven investment products
- Cash

The use of derivatives is as permitted by the guidelines that apply to the pooled funds.

4.4 Financially Material 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 life of the Scheme. 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.

As noted earlier, the Scheme’s assets are invested in pooled funds with CT and via a mandate with Brewin Dolphin. The Trustees review the ESG policies of Brewin Dolphin and CT.

For Brewin Dolphin they are satisfied that an ESG assessment is embedded into the investment manager's research process and that such factors are an integral part of determining which pooled investments are suitable for the Scheme.

In particular, Brewin Dolphin look for fund managers who share their commitment to the United Nations Principles of Responsible Investing (UNPRI) and act as responsible asset owners. As part of this, fund managers are screened and Brewin Dolphin only approve and invest in those which explicitly integrate ESG considerations into their investment process, and have a voting policy and vote their proxies. Comprehensive reporting allows for oversight and ongoing monitoring by Brewin Dolphin.

Brewin Dolphin have been recognised with Signatory Status to the UK Stewardship Code 2020 and have also committed to achieving net zero by 2050, and this will require the same commitment from all of investee funds and companies as well.

In 2021 they introduced an innovative controversy tracking process. Run by their fund research team, the process has three key aims:

- Real time analysis of ESG leadership
- Monitor funds' stewardship processes
- Exert influence over our holdings in collectives

The team continuously tracks news flow for controversies in the companies to which they are indirectly exposed and if significant enough, will reach out to the buy-list funds that hold the company in question. The objective of the exercise is to understand their investment case and if the news has changed it, as well as examining the ESG processes and stewardship leadership of the fund manager.

It is not just a case of highlighting controversies to fund managers and leaving it there. Their fund research team request detailed responses from managers, explaining their position on the controversy, any engagement work they are undertaking and any impact it might have on the rationale for continuing to own the stock. This gives Brewin Dolphin important insights into the way the funds invested in are managed, with some being exemplary whilst for others has led to high level meetings with management to express concerns and suggest improvements to processes.

Brewin Dolphin have also engaged extensively with their fund managers based upon the Transition Pathway Initiative (TPI), with objectives to:

- Identify holdings that might be controversial because of their lack of alignment with the TPI and Paris Agreement goals
- Better understand the ESG integration processes and engagement activities of the funds coverws
- Let the fund managers know that this is something taken seriously
- Monitor developments over time

The Trustees understand that CT's reo® (responsible engagement overlay) approach ensures that the investment manager engages with the companies held in the portfolio to promote better ESG practices, using engagement and active share voting to drive change. The Trustees will therefore rely on the policies and judgement of its investment managers when assessing the impact on the value of the Scheme's investments.

The Trustees will continue to engage with their current investment managers to understand how the financially material considerations are taken into account. This will include how ESG, Climate Change and Stewardship continue to be integrated within investment processes. Such processes will be factored into decisions on the retention of the current managers and would be included in any selection exercise going forward.

4.5 Non-Financial Considerations

The Trustees have determined that the financial interests of the Scheme members are their first priority when choosing investments.

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

4.6 Corporate Governance and Voting Policy

The Scheme is invested solely in pooled investment funds. The Trustees have concluded that the decision on how to exercise voting rights should be left with the pooled fund investment managers, who will exercise these rights in accordance with their respective published corporate governance policy. These policies, which are available to the Trustees on request and on their respective websites, take into account the financial interests of shareholders and should be for the Scheme's benefit.

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

5 Risk

The Trustees are aware, and seek to take account, of a number of risks in relation to the Scheme's investments, including the following.

Under the Pensions Act 2004, the 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.
- They are managed by setting a scheme-specific strategic asset allocation with an appropriate level of risk and by monitoring the development of the funding position on a regular basis.

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.

Liquidity Risk

- This is monitored according to the level of cash flows required by the Scheme over a specified period.
- It is managed by holding an appropriate amount of readily realisable investments. The majority of the Scheme's assets are invested in quoted markets via pooled funds and are as readily realisable as the Trustees feel appropriate given the cashflow position of the Scheme and the expected development of the Scheme's liabilities, both of which are monitored by the Trustees.

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 regular assessment of the levels of diversification within the investment policy.

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 Trustees 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.

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 with well-respected investment managers where ESG principles are appropriately included in the investment decision making process.
- The Trustees are satisfied that Responsible Investing and ESG assessment are embedded into the Brewin Dolphin's manager research process and that such factors are an integral part of determining which pooled investments are suitable for the Scheme's growth portfolio.
- The Trustees are also satisfied that CT incorporates Responsible Investing and ESG principles in relation to the Scheme's liability matching portfolio as far as are relevant to a leveraged LDI pooled fund.

6 Monitoring of Investment Adviser and Manager

6.1 Investment Advisers

The Trustees continually assess and review the performance of their advisers in a qualitative way. In doing so, the Trustees will consider the objectives they set for the 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 Trustees receive regular monitoring reports on performance from Brewin Dolphin in relation to the growth portfolio and from CT in relation to their pooled LDI funds. The reports show the absolute performance, and performance of the manager's stated target performance (over the relevant time period) on a net of fees basis over a 3 month, 12 month and 3 year basis.

Mercer provides regular updates of the funding position so that the effectiveness of the Scheme's LDI strategy and overall strategic approach can be assessed. Mercer also provides returns of market indices so that these can be used to help inform the assessment of the investment managers' performance.

With regards to the Growth portfolio, Brewin Dolphin has the role of replacing the underlying investment managers where appropriate and takes a long-term view when assessing whether to replace the underlying investment managers. Such decisions would not be made based solely on short-term performance concerns, but instead would be driven by a significant downgrade of their view of the investment manager due to a significant reduction in their confidence that the investment manager will be able to perform in line with their fund's mandate over the long term. Brewin Dolphin will also make changes to the underlying managers if a particular fund is no longer appropriate to the growth mandate either from a strategic or tactical point of view.

Similarly, the Trustees take a long term view when considering both Brewin Dolphin and CT. Other than for strategic reasons, a decision to replace CT would be based on a significant downgrade of Mercer's assessment of their capabilities, whilst a decision to replace Brewin Dolphin would be made in conjunction with Mercer, if there had been a sustained period of underperformance.

6.3 Portfolio Turnover Costs

The Trustees do not currently monitor portfolio turnover costs for the funds in which the Scheme is invested although note that the performance monitoring reports show performance 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 aware of the requirement to define and monitor targeted portfolio turnover and turnover range.

The Trustees note that Brewin believe portfolio turnover should be considered at the portfolio level, i.e. by monitoring the percentage of funds replaced on an annual basis, rather than the turnover within each underlying fund. Where Brewin invest in managed funds, rather than setting thresholds for permitted turnover, they allow third party fund managers to express their own views and convictions, respecting the fact that their timescales and investment case may differ from that of Brewin Dolphin, knowing that the cost of trading is reflected in the annual disclosure.

CT have noted that for the CT Dynamic LDI Funds in which the Scheme is invested, the frequency of trading will be driven by opportunities to switch between gilts and swaps as well as the need to rebalance the overall liability hedging to minimise tracking error. Any switch trades are subject to a cost/benefit hurdle so trades are expected to crystallise a benefit that is at least four times the round trip dealing costs. For any LDI portfolio it is appropriate to measure portfolio performance rather than transaction frequency. Performance is reported net of trading costs and so this provides a high level of visibility as to whether tracking error is arising from trading activity.

Given the above, the Trustees do not have an overall portfolio turnover target for the Scheme.

7 Additional Voluntary Contributions ("AVCs")

The Scheme currently offers members the option to invest AVC funds with London Life, Aviva (formerly Norwich Union) and Scottish Equitable plc.

The Trustees are of the opinion that the type and range of facilities currently available are suitable to provide for the requirements of Scheme members in any of the circumstances likely to arise. It is also the view of the Trustees that the facilities on offer are acceptable in terms of breadth of choice and performance of those funds.

8 Best Practice

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

The Trustees have received training in relation this guidance and are 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 ISC and 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.

9 Compliance

The Scheme's Statement of Investment Principles and annual report and accounts are available to members on request. The Statement of Investment Principles will also be made available online.

A copy of the Scheme's current Statement plus Appendices is also supplied to the Sponsoring Employer, Brewin Dolphin, 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 5th July 2022.

Appendix 1: Scheme Asset Allocation Benchmark

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

The Trustees have delegated control of circa 70% to 80% of the Scheme's assets to Brewin Dolphin, these assets are invested in primarily growth seeking asset classes.

The remaining circa 20% to 30% of Scheme assets are invested in Liability Driven Investments.

Within the growth asset portfolio, Brewin Dolphin adheres to broad tolerance ranges within the overall risk profile that they have agreed with the Trustees.

Whilst Brewin Dolphin has discretion to change the tolerance ranges, they would not change the overall risk profile without agreement from the Trustees.

	Expected Allocation
Growth Portfolio	**70% to 80%**
Matching Portfolio	**20% to 30%**
Liability Driven Investments (LDI)	20% to 30%

The Trustees note that the value of the LDI funds can vary considerably over time because they are designed to provide leveraged protection against the impact in movements in the value of the Scheme's liabilities, and therefore the split between the growth and matching portfolios may move outside the above range. Information on rebalancing is set out in Appendix 2.

More information on the mandates is set out in Appendix 3.

Appendix 2: Cashflow and Rebalancing Policy

All cashflows are met out of the Scheme's growth portfolio.

Where possible, cash outflows will be met from the investment income from the growth portfolio in order to minimise transaction costs. Where the investment income is insufficient to meet these requirements, monies will be raised by Brewin Dolphin using its discretion through the sale of assets taking into consideration their central strategic views for the agreed risk profile, liquidity issues, transaction costs, market conditions and the speed with which monies are required.

Similarly, where cash inflows are received, monies will be invested by Brewin Dolphin based on similar considerations as set out above.

There is no rebalancing between the growth and matching portfolios, as the Trustees note that buying or selling LDI funds would result in changes in the level of liability hedging.

The Trustees note that the allocation between the growth and matching portfolios will change over time and may move outside the range shown in Appendix 1. Whilst the Trustees will consider if it is appropriate to take action if this happens, there is no requirement for action to be taken.

The LDI funds will from time to time release cash back to investors, or call on cash to support the liability hedging. In each instance, the Trustees will liaise with the Scheme's investment adviser and with Brewin Dolphin to determine an appropriate course of action.

Appendix 3: Investment Manager Information

The Scheme invests with the following investment managers:

- Brewin Dolphin Ltd ("Brewin Dolphin")
- Columbia Threadneedle ("CT")*

* In December 2021, Columbia Threadneedle acquired the BMO Global Asset Management LDI franchise

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

Growth Assets

Investment Manager / Fund	Fund Benchmark	Objective	Dealing Frequency	Annual Management Fees
Brewin Dolphin*	**A composite benchmark made up of broad weights to representative benchmarks that reflect the current allocation to each asset class.**	**To outperform the benchmark over rolling three year periods (p.a.)**	**Daily**	**Underlying manager fees:** • **Circa 0.1% p.a. for index tracking funds** • **Circa 0.85% for actively managed funds** **The total weighted average manager fee will depend on the asset allocation at that time.** **In addition, a quarterly fee asset based fee is payable to Brewin Dolphin, which equates to c.0.06% of the AUM**

Source: Brewin Dolphin

*The return seeking portfolio managed by Brewin Dolphin will have the risk profile equivalent to the Brewin Dolphin risk category 7 – moderate to high investment risk and will predominantly be invested in equity funds, but may diversify to other asset classes alongside equity –such as Emerging Market Debt, Commodities and Infrastructure and, will include a modest allocation to other asset classes such as Commercial Property funds, Absolute Return funds, Fixed Interest, Gold and Cash.

The benchmark will be the Brewin Dolphin risk category 7 benchmark, which comprises 83% in equities, 2% Commercial Property funds, 4% Absolute Return funds, 6.5% Fixed Interest, 2% Gold and 2.5% in cash.

Matching Assets

Investment Manager / Fund	Fund Benchmark	Objective	Dealing Frequency	Annual Management Fees
Liability Driven Investments				
CT Liability Driven Investment Dynamic LDI Funds	The benchmark is set by CT to match the liabilities of a typical pension Scheme	The objective of the underlying funds is to match the liabilities of a typical Scheme	Daily	First £15m 0.29% In excess of £15m 0.25% *Sterling Liquidity 0.1%

* The Trustees may from time to time invest in the CT Sterling Liquidity fund as part of the LDI mandate. This will predominantly be for short term liquidity or cashflow purposes.

Appendix 4: Responsibilities of Parties

Trustees

The Trustees' responsibilities (with input and recommendations from the ISC) 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 Managers and custodian (if required).
- Assessing the quality of the performance and processes of the Investment Managers 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.
- 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 changes in the LDI Investment Manager’s 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

The Investment managers’ (Brewin Dolphin in relation to the growth portfolio, CT in relation to the Liability Driven Investment funds) 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. In this regard, Brewin Dolphin will notify the Trustees if there is a change in relation to the overall mandate, but would not be expected to notify changes of one of the underlying pooled funds.
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments.
- In the case of Brewin Dolphin, giving effect to the principles contained in the Statement as far as is reasonably practicable.

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.

Custodian

The Custodian's responsibilities within the pooled funds include the following:

- The safekeeping of the assets of the Scheme.
- Providing the Trustees with quarterly statements of the assets, cash flows and corporate actions.
- Undertaking all appropriate administration relating to the Scheme's assets.
- Processing all dividends and tax reclaims in a timely manner.
- Dealing with corporate actions.