STATEMENT OF INVESTMENT PRINCIPLES

for the

CEREAL PARTNERS UK PENSION FUND

July 2020

1. Introduction

1.1. What is the purpose of this Statement of Investment Principles?

This Statement of Investment Principles ("SIP") sets out the policy of the Trustee of the Cereal Partners UK Pension Fund ("the Trustee") on various matters governing decisions about the investments of the Cereal Partners UK Pension Fund ("the Fund").

1.2. Who has had input to the SIP?

This SIP has been formulated after obtaining and considering written professional advice from Lane Clark & Peacock LLP, the Fund's investment adviser and actuaries, who the Trustee believes to be suitably qualified and experienced to provide such advice. The advice takes into account the suitability of investments and the need for diversification, given the circumstances of the Fund and the principles contained in this SIP.

The employer was consulted on the SIP. The current investment managers of the Fund were given the opportunity to comment on a draft of the SIP and their comments have been incorporated into this final version. The managers are required to carry out their investment responsibilities in a manner consistent with this SIP.

1.3. What is the legal and statutory background to the SIP?

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act") and the Occupational Pension Schemes (Investment) Regulations 2005 ("the Regulations").

The Fund's assets are held in trust by the Trustee. The investment powers of the Trustee are set out in Rule 39 of the Fund's Trust Deed and Rules.

The SIP also reflects the Trustee's response to the Investment Governance Group's principles for best practice.

2. What are the Trustee's overall investment objectives?

The Trustee's objectives are that:

- the Fund should be able to meet benefit payments as they fall due; and
- that the Fund's funding position (ie the value of its assets relative to its technical provisions) should remain at an appropriate level. The Trustee is aware that there are various measures of funding and has given due weight to those considered most relevant to the Fund. In particular, the Trustee is not yet targeting full funding on an insurance company "buy-out" basis.

3. What risks does the Trustee consider and how are these measured and managed?

When deciding how to invest the Fund's assets, the Trustee considers a wide range of risks, including, but not limited to, those set out in Appendix A. Some of these risks are more quantifiable than others, but the Trustee has tried to allow for the relative importance and magnitude of each risk.

4. Summary of the Fund's investment strategy

4.1. How was the investment strategy determined?

The Trustee, with the help of its advisers and in consultation with the employer, reviewed the Fund's investment strategy in November 2018. The review took into account the objectives described in Section 2 above.

4.2. What is the investment strategy?

The result of the review was that the Trustee agreed that the Fund's strategic asset allocation should be as set out in the table below.

Asset class	Strategic allocation (%)	Control ranges (%)
UK equities	7.4	5.0 – 10.0
Overseas equities	17.3	15.0 – 20.0
Diversified growth	20.3	17.5 – 22.5
Growth Portfolio	**45.0**	**40.0 – 50.0**
Corporate bonds	26.4	
Liability driven investments ("LDI")	20.3	
Inflation opportunities	8.3	
Bond Portfolio	**55.0**	**50.0 – 60.0**
Total	100.0	

The Trustee regularly monitors the asset allocation against the control ranges above. If the control ranges are breached the Trustee will consider whether the assets should be rebalanced towards the strategic allocation.

The Bond Portfolio holds investments in UK government bonds, sterling investment grade corporate bonds, inflation-linked assets, interest rate swaps and inflation swaps and other bond-like investments. These investments are intended to hedge broadly 80% of the Fund's exposure to changes in interest rate and inflation expectations on the Technical Provisions basis.

4.3. Considerations in setting the investment arrangements

In setting the strategy, the Trustee considered:

- a wide range of asset classes;
- the risks and rewards of a number of possible asset allocation options;
- the suitability of each asset class within the strategy;
- the need for appropriate diversification between different asset classes;
- the views of the sponsoring employer, including an assessment of the strength of the covenant of the sponsoring employer;
- any other considerations which the Trustee considers financially material over the time horizon that the Trustee considers is needed for the funding of future benefits by the investments of the Fund; and
- the Trustee's investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

The Trustee's key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

- asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all risks are rewarded;
- equity, credit and illiquidity are the primary rewarded risks;
- risks that do not have an expected reward should generally be avoided, hedged or diversified;
- investment markets are not always efficient and there may be opportunities for good active managers to add value;
- environmental, social and governance (ESG) factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors;
- investment managers who can consistently spot and profitably exploit market opportunities are difficult to find and therefore passive management, where available, is usually better value; and
- long-term environmental, social and economic sustainability is one factor that the Trustee should consider when making investment decisions.

4.4. What assumptions were made about the returns on different asset classes?

The average long-term financial assumptions for the future returns of different asset classes as at 30 November 2018 were as follows:

- return on gilts: 2.0% pa

- return on corporate bonds: 3.0% pa
- return on inflation-linked assets: 4.0% pa
- return on equities: 7.0% pa
- return on diversified growth: 5.0% pa

We use the term “average” to mean the median outcome. In other words, we expect that half the actual outcomes will be higher than assumed and half will be lower than assumed.

The returns shown are derived as returns relative to the long-term return on gilts. Thus, for example, the model assumes that there is a 50/50 chance that, over the long term, equity-type investment (average long-term return 7.0% pa) will outperform gilts (average long-term return 2.0% pa) by 5.0% pa. (7.0% - 2.0%)

5. Appointment of investment managers

5.1. How many investment managers are there?

The Trustee has decided to appoint the following investment managers to manage the Fund’s assets:

- Legal & General Investment Management (“Legal & General”);
- Ruffer LLP (“Ruffer”);
- Baillie Gifford & Co (“Baillie Gifford”);
- BMO Global Asset Management (“BMO”); and
- M&G Investment Management Limited (“M&G”).

Legal & General has been appointed to manage allocations to equities, bonds and liquidity funds. Ruffer and Baillie Gifford have been appointed to manage the Fund’s allocation to diversified growth funds. BMO has been appointed to manage some of the Fund’s allocation to bond assets. M&G has been appointed to manage some of the Fund’s allocation to inflation-linked assets.

The Trustee also has a number of AVC arrangements in place, these are detailed in Appendix B.3.

5.2. What formal agreements are there with investment managers?

The Trustee has entered into an insurance policy with Legal & General Assurance (Pensions Management) Limited as the institutional fund platform provider and holds the majority of the Fund’s investments through this platform.

Legal & General Assurance (Pensions Management) Limited delegates the investment management responsibilities for the Fund’s assets managed by Legal & General to Legal & General Investment Management Limited.

There is no direct relationship between the Trustee and the underlying investment managers of the investment funds held through the platform – namely Ruffer, Baillie Gifford and BMO.

The Trustee has signed application forms enabling it to invest in an inflation-linked asset fund managed by M&G. The terms under which the funds are managed are set out in the relevant prospectuses for each fund.

Details of the investment managers and their investment benchmarks and guidelines are given in Appendix B.

5.3. What do the investment managers do?

The investment managers' primary role is the day-to-day investment management of the Fund's investments. The investment managers are authorised under the Financial Services and Markets Act 2000 to carry out such activities.

The Trustee and investment managers to whom discretion has been delegated exercise their powers to giving effect the principles in this Statement of Investment Principles, so far as is reasonably practicable.

The Trustee has limited influence over managers' investment practices because all the Fund's assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

6. Other matters

6.1. What is the Trustee's policy on the realisation of investments?

The investment managers have discretion over the timing of realisation of investments and in considerations relating to the liquidity of investments. When appropriate, the Trustee, on the Fund's administrators' recommendation, decides on the amount of cash required for benefit payments and other outgoings and informs the investment managers of any liquidity requirements.

6.2. Consideration of financially material and non-financial matters

The Trustee has considered how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Fund and its members. The Trustee considers that they should in all circumstances act in the best financial interests of the beneficiaries and are endeavouring to do so by investing in suitable pooled indexed and active funds.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations). It seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice.

The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee has considered whether to take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments, and has decided not to take such matters into account.

6.3. Stewardship

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity.

It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries.

The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustee reviews how these are implemented in practice.

6.4. What are the responsibilities of the various parties in connection with the Fund's investments?

Appendix C contains brief details of the respective responsibilities of the Trustee, the investment consultant and the investment managers. Appendix C also contains a description of the basis of remuneration of the actuary, investment consultant, and the investment managers.

6.5. Does the Trustee make any investment selection decisions of its own?

Before making any investment selection decision (eg appointing a new investment manager) of their own, it is the Trustee's policy to obtain written advice from the investment consultants. The written advice considers the suitability of the investment, the need for diversification and the principles contained in this SIP. It is also the Trustee's policy to review its own investment selection decisions on a regular basis, based on written advice.

6.6. How does the Trustee incentivise its managers?

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

6.7. How does the Trustee evaluate its managers?

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. The duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well the role it plays in helping the Fund meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

6.8. Portfolio turnover and transaction costs

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Fund's investment mandates.

7. Review

The Trustee will, from time to time, review the appropriateness of this SIP with the help of its advisers, and will amend the SIP as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy, and at least once every three years.

Signed:
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For and on behalf of
The Trustee of the Cereal Partners UK Pension Fund

The Trustee considers that there are a number of different types of investment risk that are important for the Fund. These include, but are not limited to:

A.1. Market risk

Market risk comprises currency risk, interest rate risk and other price risk, defined as follows:

- Currency risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A.1.1 Currency risk

Whilst the majority of the currency exposure of the Fund's assets is to Sterling, the Fund is subject to currency risk because some of the Fund's investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall investment strategy, and believes that the currency exposure that exists diversifies the strategy and is appropriate. Furthermore, the Trustee manages the amount of currency risk by investing in pooled funds that hedge some or all of their currency exposure, such as the hedged overseas equity index funds.

A.1.2. Interest rate and inflation risk

The Fund's assets are subject to interest rate and inflation risk because some of the Fund's assets are held in bonds via pooled funds. However, the interest rate and inflation exposure of the Fund's assets hedges part of the corresponding risks associated with the Fund's liabilities. The net effect will be to reduce the volatility of the funding level, and so the Trustee believes that it is appropriate to have exposures to these risks in this manner.

The only assets the Fund invests in with material exposure to changes in interest rates and expected inflation are the LDI funds, the corporate bond funds and the inflation opportunities fund. The diversified growth funds may also have some exposure to interest rate risk although this is considered as relatively small in the context of Fund's assets.

A.1.3 Other price risk

The Fund's assets are exposed to risks of market prices other than currencies and interest rates, such as the equity pooled fund holdings being subject to movements in equity prices.

The Trustee monitors this risk on a regular basis, looking at the performance of the Fund as a whole as well as each individual portfolio. The Trustee believes that the Fund's assets are adequately diversified between different asset classes and within each asset class to manage this risk.

A.2. Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Fund invests in pooled funds and is therefore directly exposed to credit risk in relation to the solvency of the custodian of those funds.

The Fund is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds. The indirect exposure to credit risk arises from the Fund's investments in LDI funds, corporate bond funds, the inflation opportunities fund and the diversified growth funds where they invest in bonds.

The Trustee manages its indirect exposure to credit risk by selecting investment managers with a diversified exposure to bond issuers, and who conducting thorough research on the probability of default of those issuers, and having only a limited exposure to bonds rated below investment grade. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific bonds.

A.3. Strategic risk

This is the risk that the performance of the Fund's assets and liabilities diverges in certain financial and economic conditions. This risk has been taken into account in the Trustee's investment strategy review, and will be monitored by the Trustee on a regular basis.

The Trustee will review the Fund's investment strategy at least every three years in light of the various risks faced by the Fund.

A.4. Inadequate long-term returns

A key objective of the Trustee is that, over the long-term, the Fund should have adequate resources to meet its liabilities as they fall due. The Trustee therefore invests the assets of the Fund to produce an adequate long-term return in excess of price and wage inflation.

A.5. Investment manager risk

This is the risk that the investment managers fail to meet their investment objectives. The Trustee monitors the investment managers on a regular basis.

A.6. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Trustee's ability to meet its investment objectives.

The Trustee believes that the need for the Fund's assets to be adequately diversified between different asset classes and within each asset class has been met by the strategy outlined in Section 4.2 and by the guidelines agreed with the investment managers.

A.7. Liquidity/marketability risk

This is the risk that the Fund is unable to realise assets to meet benefit cash flows as they fall due. The Trustee is aware of the Fund's cash flow requirements and believes that this risk is managed appropriately via the measures described in Section 6.1.

A.8 Environmental, social and governance (ESG) risks

Environmental, social and corporate governance (ESG) factors are sources of risk to the Fund's investments, some of which could be financially material, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustee seeks to appoint investment managers who will manage these risks appropriately on their behalf and from time to time reviews how these risks are being managed in practice.

A.9. Other non-investment risks

The Trustee recognises that there are other, non-investment, risks faced by the Fund. Examples include:

- mortality risk (the risk that members live, on average, longer than expected); and
- sponsor risk (the risk that, for whatever reason, the sponsoring employer is unable to support the Fund as anticipated). The Trustee has taken into account the strength of the employer's covenant in setting the Fund's investment strategy.

Together, the investment and non-investment risks give rise generally to funding risk. This is the risk that the Fund's funding position falls below what is considered an appropriate level. By understanding and considering each of the risks that contribute to funding risk, the Trustee believes that it has addressed and is positioned to manage this general risk.

B.1. The Growth Portfolio

The Trustee has selected Legal & General, Ruffer and Baillie Gifford as the investment managers of the Growth Portfolio. Legal & General has been appointed to manage the Fund's allocation to equities. Ruffer and Baillie Gifford have been appointed to manage the Fund's allocation to diversified growth funds.

B.1.1. Legal & General

The Fund's assets are invested in a range of Legal & General's pooled UK and overseas equity index-tracking funds. Legal & General's benchmark is as follows:

Asset class	Benchmark allocation (%)	Range (%)	Benchmark index
UK equities	30.0	+/-3.0	FTSE All-Share
North American equities	15.0	+/-1.5	FTSE World North America
North American equities – GBP hedged	6.0	+/-0.5	FTSE World North America – GBP Hedged
Europe (ex UK) equities	15.0	+/-1.5	FTSE Developed Europe (ex UK)
Europe (ex UK) equities – GBP hedged	6.0	+/-0.5	FTSE Developed Europe (ex UK) – GBP Hedged
Japan equities	10.0	+/-1.0	FTSE Japan
Japan equities – GBP hedged	4.0	+/-0.5	FTSE Japan – GBP Hedged
Asia Pacific (ex Japan) equities	6.0	+/-0.5	FTSE Developed Asia Pacific (ex Japan)
Asia Pacific (ex Japan) equities – GBP hedged	2.4	+/-0.25	FTSE Developed Asia Pacific (ex Japan) – GBP Hedged
Emerging market equities	5.6	+/-0.5	FTSE Emerging
Total	100.0		

For each pooled UK and overseas index-tracking fund, Legal & General's objective is to match the performance of the relevant benchmark within certain tolerance levels. In particular:

- for UK equities Legal & General shall seek to match the return of the FTSE All-Share Index to within +/- 0.25% per annum for two years in three;
- for Asia Pacific (ex Japan) equities Legal & General shall seek to match the return of the FTSE Developed Asia Pacific (ex Japan) Index to within +/- 0.75% per annum for two years in three;
- for Emerging Market equities Legal & General shall seek to match the return of the FTSE Emerging Index (less withholding tax if applicable) to within +/- 1.5% per annum for two years in three;
- for the remaining index-tracking equity funds Legal & General shall seek to match the return of the relevant benchmark indices (less withholding tax if applicable) to within +/- 0.5% per annum for two years in three; and

- for the GBP hedged index equity funds, their objectives are as for their unhedged counterparts but on a currency hedged basis.

B.1.2. Ruffer

The Fund invests in the Ruffer Absolute Return Fund.

Ruffer's investment objective is:

> "firstly to preserve the Client's capital over rolling twelve month periods, and secondly to grow the Portfolio at a higher rate (after fees) than could reasonably be expected from the alternative of depositing the cash value of the Portfolio in a reputable United Kingdom bank."

B.1.3. Baillie Gifford

The Fund invests in the Baillie Gifford Multi Asset Growth Fund.

Baillie Gifford's investment objective is to outperform the UK Base Rate by at least 3.5% pa (net of fees) over rolling five-year periods.

B.2. The Bond Portfolio

The Trustee has selected Legal & General, BMO and M&G as the investment managers for the Fund's Bond Portfolio. The Bond Portfolio holds investments in UK government bonds, sterling investment grade corporate bonds, inflation-linked assets, interest rate swaps and inflation swaps, and other bond-like investments. These investments are intended to hedge broadly 80% of the Fund's exposure to changes in interest rate and inflation expectations on the Technical Provisions basis.

B.2.1. Legal & General

The Fund invests in the AAA-AA-A Corporate Bond – Over 15 year – Index Fund, the Buy & Maintain Credit Fund and the Sterling Liquidity Fund.

The benchmark for the AAA-AA-A Corporate Bond – Over 15 year – Index Fund is the iBoxx Sterling Over 15 Years Non Gilts (ex-BBB) Index. Legal & General's objective for the fund is to perform in line with this benchmark before investment management fees over rolling three-year periods.

The Fund's allocation to the Buy & Maintain Credit Fund provides a combination of growth and income by investing in corporate bonds and other debt instruments, issued in the UK or overseas. The Buy & Maintain Credit Fund distributes income to the Trustee bank account on a monthly basis. The Buy & Maintain Credit Fund will invest primarily in debt rated by a recognised rating agency as investment grade, although the fund may retain bonds which are downgraded below investment grade after purchase (up to a maximum limit of 10%).

The benchmark for the Sterling Liquidity Fund is 7-day LIBID (London Interbank Bid Rate). The fund's objective is to provide capital stability and a return in line with the benchmark while providing daily access to liquidity.

B.2.2. BMO

The Fund invests in the Real Dynamic LDI Fund, the Short Profile Real Dynamic LDI Fund and the Short Profile Nominal Dynamic LDI Fund.

The objective of the Dynamic LDI fund range is to provide liability hedging by offering interest rate and inflation protection which replicates the liability profile of a typical UK defined benefit pension scheme.

The Trustee has instructed Legal & General to use the L&G Sterling Liquidity Fund to manage any collateral requirements (if required) for the Fund's investment in the BMO Dynamic LDI fund range. If there are insufficient assets in the L&G Sterling Liquidity Fund, the Trustee has instructed Legal & General to use the Ruffer Absolute Return Fund to manage any remaining collateral requirements (if required) for the Fund's investment in the BMO Dynamic LDI fund.

B.2.3. M&G

The Fund invests in the Inflation Opportunities V Fund.

The objective of the Inflation Opportunities V Fund is to return UK RPI plus 2.5% pa over a rolling five-year period after the deduction of fees. The Inflation Opportunities V Fund may invest in any asset class which M&G considers will provide a return linked to or protection from a change in UK inflation, including but not limited to index linked gilts, index-linked corporate bonds, infrastructure, long lease property, social housing, ground rents, asset backed securities, inflation swaps and credit default swaps.

B.3. Additional Voluntary Contributions ("AVCs")

AVCs are paid to and invested with Standard Life Assurance Company. In addition, there are further AVC arrangements to which no further contributions are being paid. These are invested with Equitable Life Assurance Society, Standard Life Assurance Company, Prudential Assurance Company, Aviva and Aviva - Commercial General Union.

The Trustee regularly reviews the Fund's AVC arrangements.

C.1. Responsibilities and investment decision-making structure

The Trustee has decided on the following division of responsibilities and decision-making for the Fund. This division is based upon the Trustee's understanding of the various legal requirements placed upon it and its view that this division allows for efficient operation of the Fund overall, with access to an appropriate level of expert advice and service.

C.1.1. Trustee

The Trustee of the Fund is responsible in respect of investment matters for:

- Ensuring the management of the Fund's assets is consistent with the SIP and any other guidelines and reviewing annually the content of this SIP and modifying it if deemed appropriate.
- Reviewing the investment policy at regular intervals.
- Appointing, monitoring, reviewing and dismissing investment managers.
- Monitoring the exercise of the investment powers which they have delegated to the investment manager and monitoring compliance with Section 36 of the Pensions Act 1995 (the "Act") insofar as it imposes any duties on the investment manager. While the Trustee has delegated certain investment powers to the investment manager, they remain responsible for ensuring that the investment manager has the appropriate knowledge and experience to manage the Fund's investments, and must also be satisfied that the manager is carrying out its work competently, and is complying with Section 36 of the Act when choosing investments for the Fund.
- Assessing the quality of the performance and processes of the investment manager by reviewing the performance report provided by the investment consultant and by regular meetings with the investment manager.
- Consulting with the employers when reviewing investment policy issues.
- Appointing (and, when necessary, dismissing) the actuary and investment consultant.
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change); and
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments.

The Trustee does not have an Investment Sub-Committee.

C.1.2. Platform provider

The investment platform provider will be responsible for:

- providing access to a range of funds managed by various investment managers; and

- providing the Trustee with regular information concerning the management and performance of the assets.

C.1.3. Investment managers

The investment managers will be responsible for:

- Discretionary management of their portfolio, including, where relevant, the implementation (within guidelines given by the Trustee) of changes in the asset mix and selecting securities within each asset class.

- Providing the Trustee and investment platform provider with quarterly statements of the assets along with a quarterly report on the results of the past investment strategy and the recommended future policy, and any changes to the processes applied to the portfolios.

- Having regard to the provisions of Section 36 of the Act insofar as it is required to do so. In exercising the discretion delegated to it by the Trustee under Section 36 of the Act, when choosing investments, the investment manager should ensure that the selected investment complies with the Fund's SIP, should check it for suitability generally, and should consider the need for diversification.

- Appointing an appropriate custodian for the assets for the pooled fund in which the Fund invests.

- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets; and

- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments.

C.1.4. Actuary and investment consultant

The actuary and investment consultant will be responsible, in respect of investment matters as requested by the Trustee, for:

- Participating with the Trustee in annual reviews of this SIP.

- Presentation and interpretation of investment performance measurement results.

- Advising the Trustee on:

    - How any changes within the Fund's benefits, membership, and funding position may affect the manner in which the assets should be invested.

    - Any changes in the investment manager's organisations that could affect the interests of the Fund.

    - Any legislative changes that could affect the financial position or investment opportunities for the Fund.

- Undertaking project work as required including:

    - Reviews of the Fund's asset allocation policy.
    - Research reviews of the investment manager.

- Advising on the selection, and review, of the investment managers. Such advice takes account of LCP's assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations).

C.2. Mandates given to advisers and investment managers

The Trustee has in place signed agreements with each of the Fund's advisers, investment managers and the investment platform provider. These provide details of the specific arrangements agreed by the Trustee with each party.

C.2. Fee structures

The Trustee recognises that the provision of investment management, dealing, and advisory services to the Fund results in a range of charges to be met, directly or indirectly, by deduction from the Fund's assets.

The Trustee has agreed Terms of Business with the Fund's actuarial and investment advisers, under which charges are generally calculated on a fixed fee basis.

The investment managers and investment platform provider receive fees calculated by reference to the market value of assets under management. The fee rates are considered by the Trustee to be reasonable when compared with those of other similar providers.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustee's view as to the most appropriate arrangements for the Fund. However, the Trustee will consider revising any given structure if and when it is considered appropriate to do so.