HOLLINGSWORTH & VOSE COMPANY LIMITED EMPLOYEES' PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES

The effective date of this Statement is 1 October 2019.

Defined Benefit Section

1. Introduction

The purpose of this Statement of Investment Principles ("**Statement**") is to document the investment principles governing decisions by Postlip Pensions Limited (the "**Trustee**") about investments for the purposes of the Defined Benefit Section of the Hollingsworth & Vose Company Limited Employees' Pension Scheme (the "**Scheme**").

Regulations require trustees and managers to exercise their investment powers in a manner to ensure the security, quality, liquidity and profitability of a scheme's investments. This includes investing in a manner which considers, and is appropriate to, the nature and duration of the expected future retirement benefits of the scheme; having regard to the need for diversification in the choice of investments for the scheme, making sure that the scheme assets are invested mainly in regulated markets and limiting any investments in the employer's business.

The Trustee is responsible for setting the investment strategy of the Scheme and has delegated the day-to-day management of the Scheme's assets to the Scheme's Fiduciary Manager (the "**Fiduciary Manager**") under an Investment Management Agreement ("**IMA**").

The Fiduciary Manager is authorised and regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000.

This Statement has been prepared in accordance with Section 35 of the Pensions Act 1995, as amended by the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005.

2. Consultation and Advice

The Trustee is responsible for the investment strategy of the Scheme. It has obtained and considered advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement.

The Trustee has decided to invest the Scheme's assets in a fiduciary management arrangement. Under this arrangement, the Trustee, following advice from the Fiduciary Manager, sets specific funding objectives for the Scheme and investment guidelines, with the Fiduciary Manager providing the day-to-day management of the assets in order to achieve these objectives within the guidelines specified.

The Trustee has consulted Hollingsworth & Vose Company Limited (the "**Sponsor'**), the Sponsoring Company, on this Statement and has taken the Sponsor's comments into account when appropriate to do so.

Upon request, a copy of this Statement is available to the members of the Scheme.

3. Objectives

The investment objective is set in relation to valuing the liabilities on a measure consistent with the technical provision assumptions used in the Scheme's actuarial valuation.

The risk-free measure used to value the liabilities is based on the yields available on fixed-interest and index-linked gilts.

The Trustee’s objective is to take the amount of investment risk deemed appropriate to grow the Scheme’s investment portfolio such that the Scheme becomes fully funded in line with the Recovery Plan.

In conjunction with these objectives, the Trustee also wants to minimise the likelihood of needing to request additional contributions from the Sponsor.

4. Investment Strategy

The Trustee has invested the Scheme’s investment portfolio in accordance with a Target Return and Target Hedge Ratio. The Target Return and Target Hedge Ratio is achieved by investing in a combination of return-seeking (growth) assets and liability hedging (matching) assets. Further detail on the Scheme’s investment strategy is contained in a separate appendix to this Statement.

5. Investment Choice

The types of investments held and the balance between them is adjusted as necessary to match the Trustee’s objectives.

The assets of the Scheme are invested in the best interests of the members and beneficiaries and in the case of a potential conflict of interest in the sole interests of members and beneficiaries.

The Trustee delegates their powers of investment to the Fiduciary Manager in a manner that is expected to ensure the security, quality, liquidity and profitability of the portfolio as a whole. The assets of the Scheme are invested predominantly on regulated markets (with investments not on regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole. The diversification is both within and across the major asset classes.

Assets held to cover the Scheme’s liabilities are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme, but recognising also the return requirement in order to meet the funding objective.

Investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

The balance between different kinds of investments

The Trustee recognises that the key source of financial risk (in relation to meeting their objectives) arises from the level of target return needed to achieve the objective and the level of liability hedging that is affordable.

To this extent, the Trustee has agreed the target return and target (liability) hedge ratio with the Fiduciary Manager, and as appropriate will agree how this target return and target hedge ratio should evolve over time as actual experience differs from the expected experience.

The Trustee has delegated responsibility for managing the underlying investments to the Fiduciary Manager, within the guidelines and constraints set out in the IMA. This allows the asset allocation and managers to be adjusted quickly where needed, to best meet the investment objectives of the Scheme.

6. Risks

Regular checks are made as to whether the funding and investment strategy remain on target to achieve the objectives, within acceptable parameters. If not, then corrective action is considered (by adjusting investment policy, or through amendments to the contribution plan).

The Trustee recognises a number of risks involved in the strategy and investment of the assets and monitor these risks in conjunction with their Fiduciary Manager (and other providers) where appropriate.

6.a Solvency risk (the risk of not achieving the funding target in the time frame desired)

Measured through a qualitative and quantitative assessment of the expected development of the liabilities relative to the current and alternative investment policies.

Managed through assessing the progress of the actual growth of the liabilities relative to the assets on a regular basis.

The Fiduciary Manager monitors the Scheme's assets relative to the technical provisions liability measure on a daily basis. It prepares a written report for the Trustee every quarter detailing changes over the quarter and any actions taken.

The Scheme Actuary also prepares a written report on a triennial basis which includes an estimate of the cost of purchasing annuity policies for the Scheme's members.

6.b Investment risk

There are many investment related risks which the Trustee is aware of. Including; manager risk, liquidity risk (i.e. the risk of being unable to realise investments for cash), the risk of holding inappropriate investments, currency risk, political risk, corporate governance risk, counterparty risk, basis risk and legal and operational risk.

To reduce these risks, the Fiduciary Manager ensures the assets are diversified over different asset classes, sectors and securities and investment managers. Regularly monitoring the underlying managers' performance, processes and capabilities.

The Fiduciary Manager is also responsible for managing overall currency risk.

The Trustee also acknowledges the following investment related risks and monitors these with the support from the Fiduciary Manager and its other advisors.

- The actual return on the investment portfolio vs the Target Return. The Target Return is not guaranteed, the Scheme's investment portfolio may not evolve as expected or indeed may fall in value.
- The deficit (measured as the difference between the gilts +1.0% liability value and the value of the investment portfolio) may increase as a result of long-term gilt yields falling or inflation expectations increasing.
- The probability of achieving full funding on a buy-out basis over a given timeframe could change if annuity prices increase (for example due to changes in insurance regulations or a change in the Trustee's mortality / longevity assumptions).

6.c Custodian risk

Custodian banks provide secure safekeeping and trading of the assets.

This risk is measured by assessing the credit-worthiness of the custodian bank and the ability of the organisation to settle trades on time and provide secure safekeeping of the assets under custody.

Managed by ratifying the Fiduciary Manager's trade reports and expected cashflows against the custodians. Restrictions are also applied to who can authorise transfers of cash and the account to which transfers can be made.

6.d Fraud / Dishonesty

Addressed through the Fiduciary Manager having the appropriate insurance policies, and internal and external audit.

6.e Liquidity risk (ability to pay member benefits as they fall due)

The Scheme's administrator monitors monthly benefit payments and ensures sufficient cash is available to meet payments when due. The Fiduciary Manager invests predominantly in assets that can be quickly sold for cash if necessary.

6.f Covenant Risk

Risks associated with changes in the Sponsor's covenant are regularly monitored by the Trustee and assessed by various means. This includes the Sponsor periodically providing the Trustee with updates on the strength of its covenant along with the Trustee also monitors the Sponsor's failure Score (as defined for the purposes of calculating the risk-based element of the Pension Protection Fund levy).

7. Monitoring

The Trustee monitors the performance of the assets on a quarterly basis via investment monitoring reports prepared by the Fiduciary Manager.

The Fiduciary Manager monitors the Scheme on a daily basis, including:

- The funding level
- The asset allocation
- The hedge ratio
- The investment managers
- The cash position (specifically cash held within the fiduciary management arrangements, i.e. excluding any cash held in the Trustee bank account)

Where action needs to be taken (such as when a trigger point is hit) or is deemed to be sensible (for instance due to favourable/changing market conditions), the Fiduciary Manager will make appropriate changes, subject to the guidelines agreed with the Trustee.

Where changes cannot be made due to the guidelines specified, and the Fiduciary Manager believes the changes would be sensible, the Fiduciary Manager will work with the Trustee to explore whether the guidelines can be adjusted and how this may impact the Scheme's strategy.

The Fiduciary Manager provides regular updates at Trustee meetings and provides information to other third parties at the request of the Trustee, such as administrators and auditors.

In addition, the Trustee regularly reviews the performance and services of the Fiduciary Manager.

8. Custody

Day to day control of custody arrangements for the Scheme's assets is delegated to State Street Bank and Trust Company, who is independent of the Sponsor and Fiduciary Manager.

In addition, as the Scheme invests in pooled funds, these funds each have a custodian. The investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets.

9. Realisation of Investments

The Trustee has delegated the realisation of investments to the Fiduciary Manager. The Fiduciary Manager monitors the Scheme's investment portfolio on a daily basis and in accordance with the objectives set by the Trustee. The Fiduciary Manager will use contributions into and disinvestments out of the Scheme's investment portfolio to manage and if necessary rebalance the portfolio in-line with the objectives set by the Trustee.

10. Financially Material Considerations

Over the period to achieving the overall investment objective of reaching full funding on the Gilts +1% basis, the Trustee has tasked the Fiduciary Manager with monitoring Financially Material Risks within the Scheme's investment portfolio. At a high level, the Scheme is expecting to increase its allocation to lower risk fixed-income assets as the Scheme matures. In addition to this, the Fiduciary Manager will use active ownership (see Section 12 - Stewardship) to manage the Scheme's investment portfolio through time. The Fiduciary Manager also monitors, and where necessary reduces the Financially Material Risks which the Scheme is exposed to as it travels through its journey to ultimately achieve its objective.

11. Environmental, Social and Governance Considerations

In accordance with the Trustee's focus on Financially Material Considerations, it is acknowledged that Environment, Social and Governance (ESG) factors can impact security prices.

The Trustee has delegated day-to-day investment decisions to the Fiduciary Manager, and is satisfied that the Fiduciary Manager employs a well-developed ESG framework which is summarised below:

Exclusionary / Inclusionary Screening – This involves excluding companies which operate in particular sectors or areas, this includes the equity of companies involved with the manufacture of controversial weapons (namely cluster munitions) and tobacco producers from the range of funds which the Scheme invests in.

ESG Factor Integration – As part of the Fiduciary Manager's investment research process, the underlying managers used to implement investment ideas receive an ESG rating which is both qualitative and quantitative in nature. Each manager's ESG factor is then considered and monitored as part of the wider manager research process.

Thematic Investing – This involves tilting the Scheme's investment portfolio towards capturing positive ESG themes alongside investment returns. This is incorporated within the Fiduciary Manager's processes.

To further demonstrate the Fiduciary Manager's commitment to ESG issues, it has been a signatory of the UN Principles for Responsible Investment ("UN PRI" or the "Principles") since 2009. The Principles are a voluntary set of global best practices that aim to provide a framework for integrating environmental, social and corporate governance issues into financial analysis, investment decision-making and ownership practices. The Principles are voluntary and aspirational and are listed below:

1. The Fiduciary Manager will incorporate environmental, social and corporate governance issues into investment analysis and decision-making processes.
2. The Fiduciary Manager will be an active asset owner, incorporating environmental, social and corporate governance issues into its ownership policies and practices.

3. The Fiduciary Manager will seek appropriate disclosure on environmental, social and corporate governance issues from the entities in which it invests.
4. The Fiduciary Manager promotes acceptance and implementation of the Principles within the investment industry.
5. The Fiduciary Manager will work with other industry participants to enhance the effectiveness of implementing the Principles.
6. The Fiduciary Manager will report on its activities and progress toward implementing the Principles.

The Trustee believes that ESG is suitably addressed as part of the Fiduciary Manager's investment process and that the Fiduciary Manager's values and approach to ESG more generally is suitable for the Scheme's circumstances. Furthermore, the Fiduciary Manager reports back to the Trustee periodically on its policies and activities in relation to ESG.

12. Stewardship – Voting and Engagement

The Trustee is aware of its role as a responsible steward of capital and believes it is an important component of its investment responsibilities. The Trustee has appointed a Fiduciary Manager who shares these views and employs active ownership to better understand the financial and non-financial factors associated with the ownership of financial assets.

12.a Proxy voting

The Fiduciary Manager uses voting rights as an essential part of the value creation process. The Fiduciary Manager has a Proxy Voting Committee (PVC) which oversees the proxy voting policies, procedures, guidelines and voting decisions. The PVC has established robust guidelines around Proxy Voting and employs the services of a third-party provider to research each proposal presented for a vote and take action consistent with the Fiduciary Manager's guidelines. Where ballots present unique issues or topics not specifically covered by the guidelines, the proposal(s) are referred to the PVC for voting.

12.b Engagement

The Fiduciary Manager believes that an integrated approach to active ownership is the best way to achieve desired investment outcomes. The Fiduciary Manager's preferred approach is to use an integrated and inclusive approach to promote changes that protect and enhance shareholder value and shareholder rights. Corporate engagement is the first step to effecting positive change since it allows an opportunity to address outstanding issues with companies.

When engaging with a company the Fiduciary Manager makes a concerted effort to focus on the issues that it believes will have the most impact on shareholder value. The Fiduciary Manager also applies a collaborative approach to Engagement with the underlying investment managers which are appointed.

12.c UK Stewardship Code

The Fiduciary Manager is also a signatory to the UK Stewardship Code (the Code). The Code provides a set of guiding principles for the standards of good stewardship. During 2016 the Financial Reporting Council (FRC) altered their assessment approach by applying a three-tier system to the Stewardship Code Statements for asset managers (which include Fiduciary Managers). The three-tier system is intended to demonstrate the level of commitment by a Fiduciary Manager to the Stewardship Code principles (tier one being the highest level of commitment). In 2017, the Scheme's Fiduciary Manager was categorised as a tier one signatory.

13. Non-Financial Factors

The Trustee has not directly sought the views of the Scheme's members in producing this Statement of Investment Principles. However, the Trustee has developed a policy with regards to ESG and stewardship which it believes meets its obligations and which it hopes would, broadly speaking, be satisfactory for the majority of the Scheme's membership. In the event the Scheme's members were to bring particular views around ESG and stewardship to the attention of the Trustee it may give these views consideration if deemed appropriate for the Scheme's circumstances.

14. Timing of Periodic Review

The Trustee will review the Statement and the Scheme's investment strategy each year and additionally whenever they believe there to be a significant change in the Scheme's circumstances.

The Appendices to this Statement contain further detail of the investment strategy and may be updated from time to time without updating this Statement.

15. Additional Voluntary Contributions ("AVCs") Arrangements

Some members obtain further benefits by paying AVCs to the Scheme. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions. Details of AVC providers are included in the Appendix to this Statement.

From time to time the Trustee reviews the choice of investments available to members to ensure that they remain appropriate to the members' needs.

Defined Contribution Section

1. Introduction

Postlip Pensions Limited ("the Trustee"), the Trustee of the Hollingsworth & Vose Company Limited Employees' Pension Scheme ("the Scheme"), has drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of the Pensions Act 1995 ("the Act") and subsequent legislation. The Trustee believes that the investment policies and their implementation are in keeping with best practice, including the principles underlying the Pensions Regulator's DC Code of Practice.

As required under the Act, the Trustee has consulted a suitably qualified person in obtaining written advice in relation to the preparation of this Statement from Mercer Limited ("Mercer" and "the Investment Consultant"), which is regulated by the Financial Conduct Authority ("FCA"). The Trustee has also consulted Hollingsworth & Vose Company Limited ("the Sponsoring Company"). When making investment decisions the Trustee refers to the Statement to ensure that, where practical, the decisions taken are consistent with the principles in the Statement.

Overall investment policy falls into two parts. The strategic management of the assets is fundamentally the responsibility of the Trustee acting with advice from the investment consultant, and is driven by the investment objectives as set out in Section 2 below. The remaining element of the investment policy is the day to day management of the assets, which is delegated to professional investment managers and described in Section 3.

In considering investments for the DC Section, the Trustee obtains and considers written advice from the Investment Consultant, who the Trustee believes to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Act (as amended).

2. Investment Objectives and Risk

2.1 Investment Objectives

The Trustee recognises that members of the DC Section have differing investment needs, that these may change during the course of their working lives and that they may have differing risk tolerances. The Trustee believes that members should generally make their own investment decisions based on their individual circumstances. The Trustee regards their primary objective as making available a range of investment funds which enable members to tailor the strategy for their assets to their own needs. The Trustee also recognises that members may not believe themselves qualified to take investment decisions. As such the Trustee makes available a Default Lifestyle Option.

These objectives translate to the following principles:

- Offering members a 'Lifestyle' approach for the default investment strategy and ensuring that the other investment strategy options allow members to plan for their specific retirement objectives;
- Making available a range of pooled investment funds which serve to meet the varying investment needs and risk tolerances of members. This includes offering both passively and actively managed investment funds;
- Providing general guidance as to the purpose of each investment option;
- Encouraging members to seek independent financial advice from an appropriate party in determining the most suitable option for their individual circumstances;
- In determining an appropriate balance between providing flexibility and choice, as well as simplicity and cost control, the Trustee aims to make available a range of options which satisfy the needs of the majority of members;
- The Trustee periodically reviews the suitability of the options provided and from time to time will change or introduce additional investment funds as appropriate.

Whilst a proportion of members may choose the default option because they feel it is most appropriate for them, the vast majority of members do not make an active investment decision and are therefore invested in the default option automatically.

The aims of the default option

- The default lifestyle strategy manages investment and other risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. Any investment in derivative instruments contributes to risk reduction, or efficient portfolio management.
- In designing the default lifestyle strategy, the Trustee has explicitly considered the trade-off between risk and expected returns.
- If members wish to, they can opt to choose their own investment strategy on joining, but also at any other future date.
- Assets in the default lifestyle strategy are invested in the best interests of members and beneficiaries, taking into account the profile of members.
- Assets in the default lifestyle strategy are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole.
- Assets are invested mainly on regulated markets (those that are not must be kept to prudent levels).

Policies in relation to the default option

With regards to the default lifestyle investment strategy:

- The growth phase structure invests in equities and other growth-seeking assets, and is intended to provide growth with some downside protection and some protection against inflation erosion.
- As a member's assets grow, investment risk will have a greater impact on member outcomes. Therefore, the default lifestyle investment strategy seeks to reduce investment risk as the member approaches retirement.
- Based on their understanding of the DC Section's membership, the Trustee has implemented a default lifestyle investment strategy that targets an investment portfolio suitable for a member wishing to take benefits through a pension annuity, after taking a tax-free cash lump sum (up to 25% of a members' pot) at retirement. This option was chosen on the basis that this is likely to meet a typical member's requirements for income in retirement. It does not mean that members have to take their benefits in this format at retirement – it merely determines the default investment strategy that will be in place pre-retirement. Members who intend to take their retirement benefits through other formats have the option of choosing their own investment strategy.

Taking into account the demographics of the DC Section's membership and the Trustee's views of how the membership will behave at retirement, the Trustee believes that the current default strategy is appropriate and will continue to review this over time, at least triennially, or after significant changes to the DC Section's demographics, if sooner.

2.2 Risk

The Trustee has carefully considered a number of risks that they believe to be financially material and how they are managed:

Risk	How it is managed	How it is measured
Inflation Risk The real value (i.e. post inflation) value of members' accounts decreases.	The DC Section allows members to invest in equities, diversified growth and index-linked gilt assets which are expected to produce returns in excess of inflation. Members are able to set their own investment allocations, in line with their risk tolerances.	Considering the real returns (i.e. return above inflation) of the funds, with positive values indicating returns that have kept pace with inflation.
Pension Conversion Risk Member's investments do not match how they would like to use their pots in retirement.	The risk that, as the cost of an annuity rises, the value of the investment fund that will be used to purchase the annuity does not change by an equal amount. The cost of purchasing a pension is closely linked to the value of long term bonds. The Trustee has sought to reduce this risk by switching member funds gradually into gilt and corporate bond funds in the run up to retirement within the default investment strategy.	Considering the returns of the funds used within the switching phase of the lifestyle strategy, both in absolute terms, as well as relative to inflation, cash or annuity prices (depending on their selected retirement destination).
Market Risk The value of securities, including equities and interest bearing assets, can go down as well as up.	The DC Section allows members to invest across a range of equity markets and diversified growth assets, both during the accumulation phase of the lifestyle strategy and on a standalone basis.	Monitoring the performance of external investment funds on a quarterly basis.
Counterparty Risk A counterparty, either an underlying holding or pooled arrangement, cannot meet its obligation.	Delegated to external investment managers.	Monitoring the performance of external investment funds on a quarterly basis.
Currency Risk The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.	The equity fund invests in sterling denominated UK equities, as well as a range of overseas equity markets and currencies. 50% of the non-Sterling currency risk within the equity fund is hedged back to sterling. This fund is used during the accumulation phase of the lifestyle strategy.	Monitoring the performance of external investment funds on a quarterly basis. Considering the movements in foreign currencies relative to sterling.

Risk	How it is managed	How it is measured
Operational Risk A lack of robust internal processes and systems.	Members are able to set their own investment allocations, in line with their risk tolerances.	Considering the ratings of investment strategies from the Investment Consultant and monitoring these on a quarterly basis.
Liquidity Risk Assets may not be readily marketable when required.	The Trustee accesses daily dealt and daily priced pooled funds through a unit-linked insurance contract with Old Mutual Wealth.	The pricing and dealing terms of the funds underlying the unit-linked insurance contract.
Valuation Risk The value of an illiquid asset is based on a valuer's opinion and the realised value upon sale may differ from this valuation.	The majority of DC Section's asset are held with investment managers that invest solely in liquid quoted assets.	The Trustee monitors the performance of the funds on a quarterly basis and, where relevant, delegates the monitoring of valuation risk to the Investment Consultant.
Environmental, Social and Governance Risk ESG factors can have a significant effect on the performance of the investments held by the Plan e.g. extreme weather events, poor governance.	Delegated to external investment managers. The Trustee's policy on ESG risks is set out in Section 2.4 of this Statement.	
Manager Skill / Alpha Risk Returns from active investment management may not meet expectations, leading to lower than expected returns to members.	Only the allocations to the LGIM Sterling Liquidity Fund (underlying the H&V Cash Fund) and the BlackRock Diversified Growth Fund (underlying the Multi-Asset Fund) are actively managed. There is no alternative to active management for cash type investments. The Trustee believes the use of active management within the Multi-Asset Fund helps provide diversification benefits.	The Trustee monitors the performance of the funds on an ongoing basis, relative to the funds' benchmarks and stated targets/objectives. The Trustee also monitors the ratings assigned to the strategies in which the DC Section invests by the Investment Consultant.

The Trustee recognises that the majority of members are likely to be invested in the default option and are focussed on providing an appropriate default option. There are specific risks, which may include the above, attached to the default option. The Trustee's policies on risk and appropriateness of the default option is provided in a separate document.

The Trustee believes that the appropriate time horizon for which to assess these considerations should be viewed at a member level. This will be dependent on the member's age and their retirement age.

2.3 Investment Strategy

The Trustee makes available to members a range of investment funds and a lifestyle investment strategy. Members can choose to invest in the lifestyle strategy or in any combination of the other DC Section investment options.

2.4 Responsible Investment and Corporate Governance

The Trustee believes that good stewardship and environmental, social and governance ("ESG") issues, including climate change, may have a material impact on investment risk and return outcomes and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustee has given the investment managers full discretion when evaluating ESG issues, including climate change, and in exercising rights and stewardship obligations attached to the DC Section's investments.

Similarly, the DC Section's voting rights are exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

Equity managers who are authorised in the UK are expected to report on their adherence to the UK Stewardship Code on an annual basis.

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. Monitoring makes use of the investment consultant's ESG ratings. The Trustee will also consider ESG integration, climate change and stewardship when implementing future investment strategy decisions.

The Trustee does not take into account members' views on "non-financial matters" (such as their ethical views) in the selection, retention or realisation of investments.

2.5 Realisation of Investments

In general, the Scheme's investment managers have discretion in the timing and realisation of investments, and in considerations relating to the liquidity of those investments.

2.6 Monitoring the Investment Managers

The Trustee:

(a) scrutinises the investment managers' reports to review the investment managers' actions together with the reason for and background behind the investment performance;

(b) retains Mercer as Investment Consultant to assist the Trustee in fulfilling its responsibility for monitoring the investment managers.

3. Day to Day Management of the Assets

The Trustee has established the DC Section using the Old Mutual Wealth Investment Platform ("Old Mutual Wealth"). Detail on the funds offered to members is set out in a separate appendix to this document

4. Additional Assets

Accrued assets in respect of DB members' additional voluntary contributions ("AVCs") are invested with Equitable Life Assurance Society, in a with-profits fund, and Legal & General ("L&G"). New contributions are invested with L&G.

5. Review of this Statement

The Trustee will review this Statement in response to any material changes to any aspects of the DC Section, which the Trustee judges to have a bearing on the stated investment policy. This review will occur no less frequently than every three years. Any such review will again be based on written, expert investment advice and the Sponsoring Company will be consulted.