STATEMENT OF INVESTMENT PRINCIPLES

for the

Gatwick Airport Pension Plan

March 2023

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 Gatwick Airport Pension Plan ("the Plan") on various matters governing decisions about the investments of the Plan.

1.2. Who has had input to the SIP?

This SIP has been formulated after obtaining and considering written professional advice from Aon, the Plan's investment adviser and actuaries, whom 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 Plan and the principles contained in this SIP.

Gatwick Airport Limited, the principal (and sole) employer in relation to the Plan was consulted on the SIP. A copy of the SIP has been provided to the investment managers appointed. 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 the Pensions Act 1995 ("the Act") as amended and the Occupational Pension Schemes (Investment) Regulations 2005 ("the Regulations").

The Plan's assets are held in trust by the Trustee. The investment powers of the Trustee are set out in Clause 5 of the Plan's Trust Deed dated 27 March 2019.

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

The Trustee's objectives are that:

- the Plan should be able to meet benefit payments as they fall due; and
- that the Plan's funding position (i.e. the value of its assets relative to the assessed value of its liabilities) 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 Plan. In particular, the Trustee has taken into account the funding requirements detailed in the Occupational Pension Schemes (Scheme Funding) Regulations 2005.

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

When deciding how to invest the Plan'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 Plan's investment strategy

4.1. How was the investment strategy determined?

Following the 2019 actuarial valuation, the Trustee undertook an investment strategy review and agreed to a number of changes in line with the Plan's long-term objectives. The Trustee decided to amend the Plan's investment strategy and to implement the following changes:

- a bespoke liability benchmark for the Plan's LDI mandate, with passive gilt only based interest rate and inflation hedging;
- transitioning the Plan's equities to a global equity mandate with an initial 50% currency hedge target;
- allocating 15% of the portfolio to Asset-Backed Securities, funded by a full redemption from the Emerging Market Multi-Asset Fund and a reduced allocation to the Diversified Growth Funds; and
- increasing the private credit allocation to 12.5%.

4.2. What is the investment strategy?

The Trustee has agreed that the strategic target for the investment strategy of the Plan should be:

- 62.5% in "return-seeking" assets; and
- 37.5% in "matching" assets.

The strategic benchmark for the return-seeking assets at the date of this SIP is as follows:

	Allocation (%)
Global equity	36.0
Diversified growth	20.0
Private credit	20.0
Asset backed securities	24.0
Total return-seeking assets	**100.0**

The matching assets are held in a Liability Driven Investment ("LDI") portfolio made up of a range of passive gilt, leveraged gilt fund and index-linked gilt funds and some liquidity (cash) funds.

At the date of this SIP, a bespoke liability benchmark is in the process of being constructed, based on the Plan's updated liabilities. Insight (who manage the LDI portfolio) has been asked to match a proportion of the total interest rate and inflation exposure of the benchmark. Implementation of the new benchmark will be planned by Aon, the Trustee and Insight.

4.3. What did the Trustee consider in setting the Plan's investment strategy?

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 and diversification of each asset class within each strategy, both across asset classes and within asset classes;
- the need to invest assets in a manner expected to ensure their security, quality, liquidity and profitability as a whole;
- the plan's maturity, funding level and member options;
- the long-term target of the Plan; and
- the views of the sponsoring employer.

5. Appointment of investment managers

The Trustee sets the investment strategy for the Plan after taking advice from the Plan's investment adviser. The Trustee has put in place investment mandates with the Plan's investment managers which implement this strategy.

- Alcentra Limited ('Alcentra');
- BlackRock Investment Management UK Limited ('BlackRock');
- Aegon Asset Management ('Aegon');
- Schroders Investment Management ('Schroders');
- Bentall GreenOak ('GreenOak');
- Insight Investment Management ('Insight');
- Legal & General Assurance Investment Management ('LGIM'); and
- Ruffer LLP ('Ruffer').

The Trustee has entered into an insurance policy with Legal & General Assurance (Pensions Management) Limited ("Legal & General Assurance") to manage the Plan's passive equity assets. The insurance policy sets out details of the terms under which the Plan's assets are managed. Legal & General Assurance delegates the investment management responsibilities for the Plan's assets to Legal & General Investment Management Limited ("LGIM").

The Trustee has signed documentation with the Plan's investment managers which sets out in detail the terms on which their respective portfolios are managed, including the need for suitable and appropriately diversified investment. For the purposes of this SIP, Alcentra, BlackRock, Aegon, Schroders, GreenOak, Insight, LGIM and Ruffer are defined as the "investment managers". 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 Plan's investments. The managers are authorised under the Financial Services and Markets Act 2000 to carry out such activities.

6. Appointment of a custodian

The Plan does not have an appointed custodian. Custodial services are provided by the custodians of the pooled funds in which the Plan invests:

- Bank of New York Mellon (selected and appointed by BlackRock)
- Citibank N.A (selected and appointed by L&G)
- HSBC Bank Plc (selected and appointed by L&G)
- ING Luxembourg (selected and appointed by Alcentra)
- J.P. Morgan Bank Luxembourg (selected and appointed by Aegon and Schroders)
- Northern Trust Corporation (selected and appointed by Insight)
- RBC Investor Services (selected and appointed by Ruffer)

The GreenOak private credit fund has no custodian but both GreenOak and Alcentra have selected Sanne Group as the administrator for their respective funds.

The custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodians' nominee companies.

7. Arrangements with Investment Managers

The Trustee regularly monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies. This includes monitoring the extent to which investment managers:

- make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustee is supported in this monitoring activity by its investment adviser.

The Trustee receives quarterly reports and verbal updates from its investment adviser on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Plan objectives and assess the investment managers over 3-year periods.

Before appointing a new investment manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Plan invests in a collective vehicle, then the Trustee will express its expectations to the investment managers in by other means (such as through a side letter, in writing, or verbally at Trustee meetings).

The Trustee believes that having appropriate governing documentation, setting clear expectations to the investment managers by other means (where necessary), and regular monitoring of investment managers' performance and investment strategy, is in most cases sufficient to incentivise the investment managers to make decisions that align with the Trustee's policies and are based on assessments of medium and long-term financial and non-financial performance.

Where investment managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the manager but could ultimately replace the investment manager where this is deemed necessary.

As the Plan is a long-term investor, there is typically no set duration for arrangements with investment managers, although the continued appointment all for investment managers will be reviewed periodically. For certain closed ended vehicles, the duration may be defined by the nature of the underlying investments.

The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by its investment managers, which supports the Trustee in determining the extent to which the Plan's engagement policy has been followed throughout the year. The Trustee believes that this review and assessment process incentivises the investment managers to follow their engagement policy including engaging with issuers of debt or equity to improve medium to long term performance.

The Trustee shares the policies, as set out in this SIP, with the Plan's investment managers, and requests that the investment managers review and confirm whether their respective approach is in alignment with the Trustee's policies.

7.1 Environmental, Social, and Governance considerations

In setting the Plan's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Plan and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustees consider this risk by taking advice from its investment adviser when setting the Plan's asset allocation, when selecting managers and when monitoring their performance.

The Trustee has considered how social, environmental and ethical factors should be taken into account in the selection, retention and realisation of investments. The Trustee considers that it is necessary in all circumstances to act in the best financial interests of the beneficiaries and, where this primary consideration is not prejudiced, the Trustee has asked the investment managers specifically to take these issues into account.

The Trustee cannot usually directly influence the managers' policies on social, environmental and ethical factors where the Trustee holds assets in pooled funds. This is due to the nature of these investments.

The Trustee is aware of the United Nations supported Principles for Responsible Investment. However, for the reasons set out above, these have not explicitly been taken into account or influenced any investment related decisions.

7.2 Stewardship – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests, as this ultimately creates long-term financial value for the Plan and its beneficiaries.

The Trustee has examined how rights, including voting rights, attached to investments should be exercised. In doing so, the Trustee has considered the UK Stewardship Code ("the Code") issued by the Financial Reporting Council ("FRC").

The Trustee is supportive of the Code, and the Trustee has informed the investment managers of its support for the Code.

The Trustee regularly reviews the suitability of the Plan's appointed investment managers and takes advice from its investment advice with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed investment managers. If an incumbent investment manager is found to be falling short of the standards the Trustee has set out in its policy, the Trustee undertakes to engage with the investment manager and seek a more sustainable position but may look to replace the investment manager.

The Trustee reviews the stewardship activities of its investment managers on an annual basis, covering both engagement and voting actions. The Trustee will review the alignment of the Trustee's policies to those of the Plan's investment managers and ensure its investment managers, or other third parties, use their respective influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an investment manager or another holder of debt or equity, and other stakeholders. The Trustee may engage through its investment managers on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

The Trustee will engage with its investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned. The Trustee allows the investment managers to determine the appropriate method of engagement.

The Trustee will request that the investment managers transparency offered for engagements should include objectives and relevance to the Plan, method of engagement, progress, views on shortcomings and procedures around escalating unsuccessful engagements where relevant.

The Trustee will request that the transparency for voting should include voting actions and rationale with relevance to the Plan, in particular, where: votes were cast against management; votes against management generally were significant, votes were abstained; voting differed from the voting policy of either the Trustee or the investment manager.

7.3 Members' Views and Non-Financial Factors

In setting and implementing the Plan's investment strategy the Trustee does not explicitly take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]).

7.4 Costs Transparency

Costs Monitoring

The Trustee is aware of the importance of monitoring its investment managers' total costs and the impact these costs can have on the overall value of the Plan's assets.

The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by the Plan's investment managers that can increase the overall cost incurred by their investments.

The Trustee collects periodic cost transparency reports covering all of its investments and asks that the investment managers provide this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class. This allows the Trustee to understand exactly what the Plan is paying the investment managers. The Trustee works with its investment adviser and investment managers to understand these costs in more detail where required. Where these costs are out of line with expectations the investment managers will be asked to explain the rationale, including why it is consistent with its strategy and the extent it expects it to continue in the future.

The Trustee will only appoint investment managers who offer full cost transparency to manage assets of the Plan.

Evaluation of Investment Managers performance and remuneration

The Trustee assess the performance of their investment managers on a quarterly basis and the remuneration of their investment managers on a regular basis via collecting cost data in line with the CTI templates. The Trustee believes that performance related fees can offer value for money in certain asset classes. The Plan's illiquid managers remuneration includes a performance-based element whereas the liquid managers are all remunerated on a fixed fee basis.

The Trustee believes that the most effective way to ensure alignment with Trustee policies is to review the investment manager

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

through a number of lenses (performance, fees, engagement etc.) and ultimately to retain the right to terminate the investment should there be misalignment.

Portfolio Turnover Costs

The Trustee is aware of the portfolio turnover costs (portfolio turnover costs are defined as the costs incurred as a result of the buying, selling, lending or borrowing of investments) associated to the Plan's underlying investments through the information provided by its investment managers. The portfolio turnover is monitored regularly with the assistance of the Plan's investment adviser.

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics, manager's style and historic trends. The Trustee does not define a targeted portfolio turnover range, but where the Trustee's monitoring identifies a lack of consistency the mandate will be reviewed.

The Trustee is supported in its cost transparency monitoring activity by its investment adviser.

8. Other matters

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

The Plan invests in collective investment vehicles. Whilst the majority of the Plan's holdings are regarded as being readily marketable, the Plan has an allocation to private credit managed by Alcentra and GreenOak. The Plan's private credit assets are subject to a maximum seven-year lock-up period from September 2017 for Alcentra and maximum nine-year lock-up period from September 2017 for GreenOak.

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

8.2. What are the responsibilities of the various parties in connection with the Plan's investments?

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

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

Before making any investment selection decision (e.g. an AVC policy) of its own, it is the Trustee's policy to obtain written advice. 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.

9. 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.

Appendix A The Trustee's policy towards risk, risk measurement and risk management

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

A.1. Strategic risk

Strategic risk is the risk that the performance of the Plan'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 Plan's investment strategy at least every three years in light of the various risks faced by the Plan.

A.2. Inadequate long-term returns

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

A.3. Investment manager risk

Investment manager risk is the risk that the investment managers fail to meet their investment objectives. Where assets are managed on a passive basis, the investment manager risk is largely mitigated. The Trustee also monitors the investment managers on a regular basis.

A.4. Risk from lack of diversification

Risk from lack of diversification 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 Plan's assets to be adequately diversified between different asset classes and within each asset class has been met by the strategy outlined and by the guidelines agreed with the investment managers.

A.5. Liquidity/marketability risk

This is the risk that the Plan is unable to realise assets to meet benefit cash flows as they fall due. The Trustee is aware of the Plan's cash flow requirements and believes that this risk is managed appropriately via the measures described in the investment policy. The Trustee is aware that the Plan's allocations to Alcentra and GreenOak are illiquid and believes the liquidity risk is mitigated by the liquid nature of the Plan's other assets.

A.6. Other risks

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

- political risk;
- custodian risk;
- corporate governance risk;
- systematic risk;
- ESG risk;
- 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 Plan as anticipated).

Together, the investment and non-investment risks give rise generally to funding risk. This is the risk that the Plan'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.

Appendix B Investment manager arrangements

The Trustee has appointed a number of investment managers to manage the Plan's assets.

The Trustee's investment strategy is to have two portfolios, which are currently split:

- 62.5% in "return-seeking" assets; and
- 37.5% in "matching" assets.

Legal & General Investment Management Limited ("LGIM") manages the passively managed equities within the return-seeking portfolio.

BlackRock Investment Management (UK) Limited ("BlackRock") and Ruffer LLP ("Ruffer") manage diversified growth mandates within the return-seeking portfolio.

Aegon Asset Management ("Aegon") and Schroders Investment Management ("Schroders") manage the asset backed securities mandates within the return-seeking portfolio.

Alcentra Limited ("Alcentra") and GreenOak Real Estate Advisors LLP ("GreenOak") manage private credit mandates within the return-seeking portfolio.

Insight Investment Management ("Insight") manages the liability driven investment ("LDI") mandate as the matching portfolio.

B.1. The return-seeking portfolio

B.1.1. Equity portfolio

The Trustee has invested 36.0% of the return-seeking portfolio in equities as follows:

Equity portfolio	Benchmark allocation	Benchmark Index	Fund aim	Fees (pa)
LGIM All World Equity Index Fund	50%	FTSE All-World Index	To track the benchmark to within +/- 0.5% pa (net) for two years out of three	0.080%
LGIM All World Equity Index Fund	50%	FTSE All-World Index - GBP Hedged (with the exception of emerging markets)	To track the benchmark to within +/- 0.5% pa (net) for two years out of three	0.105%

B.1.2. Diversified growth

The Trustee has invested 20.0% of the return-seeking portfolio in diversified growth funds as follows:

Diversified Growth portfolio	Benchmark allocation	Benchmark Index	Fund aim	Fees (pa)
BlackRock Dynamic Diversified Growth Fund	50%	3-month Sterling LIBOR	To outperform the benchmark by 3.0% pa (net), over a rolling three-year period	0.55% on first £50m 0.50% thereafter
Ruffer Total Return Fund	50%	No formal benchmark	To produce positive returns over a rolling 12-month period; and to grow the portfolio at a higher rate (net) than could reasonably be expected from the alternative of depositing cash in a reputable UK bank	0.9%

B.1.3. Asset backed securities ("ABS")

The Trustee has invested 24.0% of the return-seeking portfolio in asset backed securities as follows:

Asset backed securities portfolio	Benchmark allocation	Benchmark Index	Fund aim	Fees (pa)
Aegon European ABS	50%	Bloomberg Barclays Capital Euro ABS Fixed and Floating Index	To provide long term capital growth	0.185%
Schroders Securitised Fund	50%	Bloomberg Barclays US Securitized Index	To outperform the benchmark by 0.1% (gross) or over a market cycle	0.25%

B.1.4. Private credit

The Trustee has invested 20.0% of the return-seeking portfolio in in private credit as follows:

Private credit portfolio	Benchmark allocation	Benchmark Index	Fund aim	Fees (pa)
Alcentra Clareant European Direct Lending Fund II	50%	No formal benchmark	To seek a return of 8-10% pa (net)	1.0% on called equity amounts Performance fee: 10% of profits above 5%
GreenOak UK Debt Fund II	50%	No formal benchmark	To seek a return of 7-9% (net) over the period of the investment	1.0% on called equity amounts Performance fee: 20% of any net profit, in excess of the IRR hurdle rate of 7.5%

The Trustee has made a commitment to invest £15m of the return-seeking portfolio in a private credit portfolio with GreenOak and £15m with Alcentra.

B.2. The matching portfolio

The Trustee has invested the matching portfolio as follows:

LDI portfolio	Benchmark allocation	Benchmark Index	Fund aim	Fees (pa)
Insight LDI Enhanced Selection Longer Real Fund	100%	No formal benchmark	To provide a vehicle that will provide a hedge against real rate liabilities by the investment manager's use of a number of hedging assets	0.10%
Insight Liquidity Plus and Liquidity Fund		GBP 7-day LIBID	To generate a return of GBP 7-day LIBID + 0.10% pa.	0.10%

The Trustee intends to increase the Plan's interest rate and inflation hedging over time by allocating more of the portfolio to the LDI fund using cash from the Liquidity Plus and Liquidity Fund.

B.3. Rebalancing between portfolios

Any cash flows into the Plan will be invested in such a way to bring the allocation of the Plan closer to the strategic benchmark.

Should the Trustee need to disinvest assets it will do so in such a way as to move the asset allocation towards the strategic benchmark and accounting for any views on market conditions at the time.

The Trustee will monitor the allocation to the different investment managers at least annually and consider rebalancing if the allocations diverge significantly from the strategic benchmark. The Trustee notes that the allocation to Alcentra and GreenOak cannot be changed due to the illiquid nature of these assets. There is no automatic rebalancing between the investment managers.

B.4. Additional Voluntary Contributions ("AVCs")

The Trustee has selected Aviva Life and Pensions UK Limited as the Plan's money purchase AVC provider.

Appendix C Responsibilities and fees

C.1. Responsibilities and investment decision-making structure

The Trustee has decided on the following division of responsibilities and decision-making for the Plan. 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 Plan overall, with access to an appropriate level of expert advice and service.

C.1.1. Trustee

In broad terms, the Trustee is responsible in respect of investment matters for:

- reviewing the investment policy following the results of each valuation, and / or after any review of investment strategy (e.g. any asset liability modelling exercise);
- if required, the policy for rebalancing between asset classes and investment managers;
- appointing (and, when necessary, dismissing) the investment managers, the actuary and investment consultants;
- monitoring the exercise of the investment powers that it has delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- formulating a policy on socially responsible investment issues;
- formulating a policy on voting rights;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the employer when reviewing the SIP.

C.1.2. Investment managers

In broad terms, the investment managers are responsible for:

managing their respective portfolios, within the guidelines agreed with the Trustee;

- providing the Trustee with regular information concerning the management and performance of their respective portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

C.1.3. Actuary and investment consultant

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

- advising on how material changes within the Plan's benefits, membership, and funding position
- may affect the way the assets should be invested and the asset allocation policy;
- advising on the selection, and review, of the investment managers; and
- participating with the Trustee in reviews of this SIP.

C.2. Mandates given to advisers and investment managers

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

C.3. Fee structures

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

The Trustee has agreed Terms of Business with the Plan's actuarial and investment advisers, under which charges for an agreed schedule of service are calculated on a fixed fee basis with fees for additional work outside of the agreed schedule calculated on a "time-cost" basis.

The investment managers receive fees calculated by reference to the market value of assets under management. The fee rates are believed to be consistent with the managers' general terms for institutional clients and are considered by the Trustee to be reasonable when compared with those of other similar providers.

Alcentra and GreenOak charge fees based on the level of funds invested with each manager and not based on the total amount committed to the funds by the Plan.

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 Plan. However, the Trustee will consider revising any given structure if and when it is considered appropriate to do so.

C.4. Performance assessment

The Trustee is satisfied, taking into account the external expertise available, that there is sufficient resource to support its investment responsibilities. The Trustee Directors, both individually and as a whole, believes that they have sufficient expertise and appropriate training to carry out their role effectively.

It is the Trustee's policy to assess the performance of the Plan's investments, investment providers and professional advisers from time to time. The Trustee will also carry out periodically an assessment of its own effectiveness as a decision-making body and will decide how this may then be reported to members.