BARNETT WADDINGHAM
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Quantel Pension and Life Assurance Plan

Statement of Investment Principles

Barnett Waddingham LLP

August 2020

Contents

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1. Introduction

1.1 This is the Statement of Investment Principles prepared by the Trustee of the Quantel Pension and Life Assurance Plan (the Plan). This statement sets down the principles governing decisions about investments for the Plan to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004;
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010;
- the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and the Pension Protection Fund (Pensionable Service);
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018;and
- the Occupational Pension Schemes (Investment and Disclosure) (Amendments) Regulations 2019.

1.2 In preparing this statement the Trustee has consulted Belden (UK) Limited, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustee's investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.

1.3 This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.

1.4 The Trustee will review this statement at least every three years or if there is a significant change in the policy on any of the areas covered by the statement.

1.5 The investment powers of the Trustee are set out in Clause 3 of the Definitive Trust Deed & Rules, dated 27 October 1994. This statement is consistent with those powers.

2. Choosing Investments

2.1 The Trustee's policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustee considers the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.

2.2 The day-to-day management of the Plan's assets is delegated to one or more fund managers. The Plan's fund managers are detailed in Appendix 1 to this Statement. The fund managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.

2.3 The Trustee will review the appropriateness of the Plan's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the fund managers with respect to performance within any guidelines set. The Trustee will also consult the Employer before amending the investment strategy.

3. Investment Objectives

3.1 The Trustee's main investment objectives for the Plan are:

- to ensure that they can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the Plan's required contribution levels;
- to minimise the long-term costs of the Plan by maximising the return on the assets whilst having regard to the above objectives.

3.2 The Trustee is aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Plan's liabilities at any time. The Trustee has obtained exposure to investments that they expect will meet the Plan's objectives as best as possible.

4. Kind of investments to be held

4.1 The Plan can invest in a wide range of asset classes including:

- Equities;
- Bonds;
- Cash;
- Alternatives including property, private equity, commodities, hedge funds, infrastructure, currency, high yield debt and derivatives;
- Annuity policies.

4.2 The Trustee monitors from time-to-time the employer-related investment content of their portfolio as a whole and will take steps to alter this should they discover this to be more than 5% of the portfolio. Typically this check is carried out annually by the Plan's auditors.

5. The balance between different kinds of investments

5.1 The Plan invests in assets that are expected to achieve the Plan's objectives. The allocation between different asset classes is contained within Appendix 1 to this Statement.

5.2 The Trustee considers the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in Appendix 1 to this Statement.

5.3 From time to time the Plan may hold cash and deviate from its strategic asset allocation in order to accommodate for any short term cashflow requirements or any other unexpected items.

5.4 The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and that it may be appropriate to change the Plan's asset allocation as the Plan's liability profile matures.

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6. Risks

6.1 The Trustee has considered the following risks for the Plan with regard to its investment policy and the Plan's liabilities:

Risk versus the liabilities	The Trustee will monitor and review the investment strategy with respect to the liabilities following each actuarial valuation. The investment strategy will be set with consideration of the appropriate level of risk required for the funding strategy as set out in the Plan's Statement of Funding Principles.
Asset Allocation risk	The asset allocation is detailed in Appendix 1 to this Statement and is monitored on a regular basis by the Trustee.
Fund manager risk	The Trustee monitors each of the Plan's fund manager's performance on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustee has a written agreement with each fund manager, which contains a number of restrictions on how each fund manager may operate.
Concentration risk	Each fund manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Loss of investment	The risk of loss of investment by each fund manager and custodian has been considered by the Trustee. Each fund manager monitors counterparty credit risk and evaluates counterparty credit quality on a continuous basis.
Liquidity risk	The Plan invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Plan's cash flow requirements. The Plan's administrators assess the level of cash held in order to limit the impact of the cash flow requirements on the investment policy.
Covenant risk	The creditworthiness of the employer and the size of the pension liability relative to the employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
Solvency and mismatching	Risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustee is aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Plan's funding basis.
Currency risk	The Plan's liabilities are denominated in sterling. The Plan may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
Governance risk	Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustee monitors these and will report on the managers' practices in their annual Implementation Statement.
Environmental, Social and Governance (ESG) risk	The Trustee has considered long-term financial risks to the Plan and ESG factors as well as climate risk are potentially financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Plan's investments in order to avoid unexpected losses.

7. Expected return on investments

7.1 The Trustee has had regard to the relative investment return and risk that each asset class is expected to provide. The Trustee is advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the fund managers.

7.2 The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

7.3 In considering the expected return from investments, the Trustee recognises that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.

7.4 Having established the investment strategy, the Trustee monitors the performance of each fund manager against an agreed benchmark as frequently as appropriate according to market conditions and the Plan's funding position.

8. Realisation of investments

8.1 The Trustee has delegated the responsibility for buying and selling investments to the fund managers. The Trustee has considered the risk of liquidity as referred to above.

8.2 Ultimately, the investments will all have to be sold when the Plan's life comes to an end. In this situation, the Trustee is aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Plan accounts.

9. Environmental, Social and Governance (ESG) factors, Engagement and Voting rights

9.1 The Trustee's policy on these matters is set out in Appendix 3.

10. Agreement

10.1 This statement was agreed by the Trustee, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the fund managers, the Plan Actuary and the Plan Auditor upon request. The Statement will also be published on a publically accessible website.

Date: 2 September 2020 .....

On behalf of the Quantel Pension and Life Assurance Plan

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Appendix 1 – Note on investment policy of the Plan as at August 2020 in relation to the current Statement of Investment Principles

Investment managers and advisers

The Trustee has appointed the following fund managers to carry out the day-to-day investment of the Plan's assets:

- Aberdeen Standard Investments ("Standard Life");
- Legal & General Investment Management ("L&G"); and
- M&G Investments ("M&G").

The fund managers are authorised by either the Financial Conduct Authority or the Prudential Regulation Authority and regulated by the Financial Conduct Authority.

The Trustee has AVC contracts with Utmost Life and Pensions and Standard Life for the receipt of members' Additional Voluntary Contributions. The arrangements are reviewed from time to time.

The Trustee has appointed Barnett Waddingham LLP to advise on investment matters.

Asset allocation

The Trustee has considered a wide range of suitable assets and set a strategic asset allocation for the Plan as set out in the table below. The asset allocation has been agreed after considering the Plan's liability profile, funding position, expected return of the various asset classes and the need for diversification.

Fund	**Benchmark Allocation**	
Growth Assets		
Standard Life Global Absolute Return Strategies	20%	60%
L&G UK Equities	10%	
L&G World (ex UK) Equities	30%	
Protection Assets		
L&G Over 5 Year Index-linked Gilts	24%	40%
M&G Alpha Opportunities Fund	16%	
Total	**100%**	**100%**

The Trustee recognises that the asset allocation of investments in different asset classes will vary over time as a result of market movements. The Trustee seeks to maintain a balance between maintaining the asset allocation in line with its benchmark and limiting the costs of rebalancing.

Investment of new money and realisation of investments

New money is invested to rebalance the overall asset allocation towards the strategic benchmark allocation.

The Plan's cash flow requirements will partly be met by the Employer's contributions, however where this is insufficient the Trustee will make disinvestments, usually to move the overall asset allocation towards the long term asset allocation.

Investment performance monitoring and benchmarks

The investment benchmarks and objectives for each fund manager are given below:

Fund	**Benchmark**	**Objective**
Standard Life		
Global Absolute Return Strategies	6 Month GBP LIBOR	+ 5% p.a. over rolling 3 year periods (before fees)
Legal & General		
UK Equities	FTSE All Share Index	Achieve the benchmark
World (ex UK) Equities	FTSE World ex UK Index	Achieve the benchmark
Over 5 Year Index-linked Gilts	FTSE Index Linked (Over 5 Year) Index	Achieve the benchmark
M&G		
Alpha Opportunities	1 Month GBP LIBOR	+ 3.5% p.a. over the medium term (before fees)

The performance of fund managers will be monitored as frequently as the Trustee considers appropriate in light of the prevailing circumstances. The monitoring takes into account both short term and long term performance.

Fee arrangements

Barnett Waddingham are remunerated on a time cost basis or by fixed fees agreed for particular projects.

The fee arrangements with the fund managers are summarised below:

Fund manager	Annual Management Charge (p.a.)
Standard Life	
Global Absolute Return Strategies	Base fee of 0.45% p.a. plus a 10% of Fund performance fee if the Fund performs in excess of LIBOR + 2% p.a. The base fee plus the performance fee is capped at 0.85% p.a.
Legal & General	
UK Equities	0.10% for the first £10,000,000 0.075% on the next £10,000,000 0.06% on the next £30,000,000
World (ex UK) Equities	0.16%
Over 5 year Index-linked Gilts	0.10% for the first £5,000,000 0.075% on the next £5,000,000 0.05% on the next £20,000,000
M&G	
Alpha Opportunities Fund	0.5%

Appendix 2 – Objectives for the investment consultant

Introduction

This appendix has been prepared by the Trustee of the Quantel Pension and Life Assurance Plan for the purposes of the provision of Investment Consultancy Services to be provided by the Plan's investment consultant to the Trustee in respect of the Plan. This appendix has been produced in order to comply with the requirements of The Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2019 ("the Regulations") and The Investment Consultancy and Fiduciary Management Market Investigation Order 2019 ("the Order").

Objectives

The Trustee has set the following strategic objectives.

Objective
Provide high quality, clearly communicated advice in a timely fashion
Advise on the design of the investment strategy such that it is consistent with the Trustee's Aims, Beliefs and Constraints (ABCs)
Assist the Trustee in selecting and reviewing managers and/or funds, taking into account the Plan's policy on ESG investing
Arrange the implementation of asset transfers and management of cashflow in an efficient manner
Advise the Trustee of any actions required to ensure compliance with regulations

Review

The Trustee acknowledges that they are required under the Regulations and the Order to review the Investment Consultancy Services provided by their consultant at least annually against these objectives and must review and, if appropriate, revise the objectives every three years (or without delay after any significant change in investment policy).

Appendix 3 – Environmental, Social and Governance factors, Engagement and Voting Rights

1. Financial Materiality

The Trustee believes that environmental, social and governance factors (including but not limited to climate change) are financially material over the lifetime of the Plan (which is expected to be greater than five years). However, an investment manager's excellence in this area will not take precedence over other factors, including (but not limited to) historical performance or fees.

2. Trustee's Policy

The Trustee's policy on these matters, including engagement and the exercise of voting rights, is set out below. Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustee has made the Principal Employer aware of their policy on ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

The Trustee has not considered it appropriate to take into account individual members' views when establishing the policy on ESG issues, engagement and voting rights.

The Trustee has elected to invest the Scheme's assets through pooled funds. The choice of underlying funds is made by the Trustee after taking advice from their investment consultant. As the Plan's investments are held in pooled funds, ESG considerations are set by each of the investment managers. The Plan's investment managers will ultimately act in the best interests of the Plan's assets to maximise returns for a given level of risk.

The Trustee takes into account ESG factors (including climate change risks) in the selection, retention and realisation of investments as follows:

- The Trustee will assess the investment managers' ESG integration credentials and capabilities, including stewardship, as a routine part of requests for information/proposals as well as through other regular reporting channels. When selecting new investments, an investment manager's excellence in relation to these considerations will not take precedence over other factors, including (but not limited to) historical performance or fees.
- The Trustee will monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the investment managers.
- The Trustee will request information from investment managers about how ESG considerations are taken into account in decisions to realise investments.

The Trustee will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- The Trustee will obtain training on ESG considerations from time to time in order to understand fully how ESG factors including climate change could impact the Plan and its investments;

- As part of ongoing monitoring of the Plan's investment managers, the Trustee may use any ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Plan's investment managers take account of ESG issues; and
- The Trustee will request that all of the Plan's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis.

The Trustee will also take ESG factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Plan's investments.

3. Policy on non-financially material considerations

The Trustee has not included any non-financial matters (such as ethical views) as constraints when setting investment strategy and/or when selecting or reviewing fund managers. The Trustee does not take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future qualify of life of the members and beneficiaries of the Plan (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments. The Trustee will review the policy on whether to take account of non-financial matters periodically.

4. Policy on stewardship, engagement and voting rights

The Trustee believes that good stewardship and positive engagement can lead to improved governance and better risk-adjusted investor returns.

As an investor in pooled funds, the Trustee delegates the exercise of rights (including voting rights) attaching to the Plan's investments to the investment managers, who are signatories to the UK Stewardship Code or equivalent. In doing so, the Trustee expects that the investment managers will use their influence as major institutional investors to exercise the Trustee's rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses. The Trustee will monitor how these delegated powers are exercised by the managers.

The Trustee assesses the investment managers' approach to stewardship, engagement and voting rights with the support of their investment consultant and consider these to be of a satisfactory standard. The Trustee will monitor and engage with the investment managers in relation to stewardship and engagement activities as follows:

- The Trustee will, with support from the investment consultant, request and review the stewardship policies, voting and engagement activities of the Scheme's investment managers on a regular basis. In case of any specific issues or questions being identified through this monitoring process, the Trustee will engage with the Scheme's investment managers for more information and discuss any remedial actions taken.
- The Trustee will request that any future manager presentations include an update on stewardship activities, including details of any voting rights exercised.
- When selecting investment managers, where appropriate and applicable, the Trustee will consider the investment managers' policies on stewardship and engagement, and how those policies have been implemented.

- The Trustee will take into account whether the Scheme's investment managers are signatories to the UN backed PRI and UK Stewardship Code (or equivalent).

The Trustee will ensure that the investment managers monitor the investee companies' capital structure as follows:

- When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

- The Trustee is of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustee also recognises that ESG and climate related issues are constantly evolving and so too are the products available within the investment management industry to help manage these risks.

- The Trustee considers it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the manager invests on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units. The Trustee also considers it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme. Where the Trustee uses pooled funds, the Trustee expects the investment manager to employ the same degree of scrutiny.

- The Scheme's investment managers are granted full discretion over whether or not to hold the equity, debt or other investment in the Sponsoring Employer's business. Through their consultation with the Sponsoring Employer when setting this Statement of Investment Principles the Trustee has made the Sponsoring Employer aware of its attitude to ESG and climate related risks, how it intends to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

Should an investment manager be failing in these respects, this should be captured in the Plan's regular performance monitoring.

5. Conflicts of interest

The Plan's investment managers are granted full discretion over whether or not to invest in the Principal Employer's business.

The Plan's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflict of interest.

The Trustee expects all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustee believes they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustee/investment manager and the investee companies.

6. Incentivising alignment with the Trustee's investment policies

Prior to appointing an investment manager, the Trustee discusses the investment manager's approach to the management of ESG and climate related risks with the Plan's investment consultant, and how their policies are aligned with the Trustee's own investment beliefs.

When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustee also considers how ESG and climate risk are integrated into these. If the Trustee deems any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.

The Trustee carries out a strategy review periodically where they assess the continuing relevance of the strategy in the context of the Plan's membership and their aims, beliefs and constraints. The Trustee monitors the investment managers' approach to ESG and climate related risks on an annual basis.

In the event that an investment manager ceases to meet the Trustee's desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be reviewed. The investment managers have been informed of this by the Trustee.

Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

7. Incentivising assessments based on medium to long term, financial and non-financial considerations

The Trustee is mindful that the impact of ESG and climate change has a long-term nature. However, the Trustee recognises that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustee acknowledges this in their investment management arrangements.

When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustee assesses these over a rolling timeframe. The Trustee believes the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustee expects this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

The Trustee expects investment managers to be voting and engaging on behalf of the Plan's holdings and the Plan monitors this activity within the Implementation Statement in the Plan's Annual Report and Accounts. The Trustee does not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

8. Method and time horizon for assessing performance

The Trustee monitors the performance of their investment managers over medium to long term periods that are consistent with the Trustee's investment aims, beliefs and constraints.

The Plan invests exclusively in pooled funds. The investment managers are remunerated by the Trustee based on the assets they manage on behalf of the Trustee. As the funds grow, due to successful investment

by the investment manager, they receive more and as values fall they receive less. In some instances, a performance fee may also be applied.

The Trustee believes that this fee structure, including the balance between any fixed and performance related element, enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

The Trustee asks the Plan's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered regularly as part of the review of the Statement of Investment Principles.

9. Portfolio turnover costs

The Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the annual investment monitoring process.

During the investment manager appointment process, the Trustee may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices.

10. Duration of arrangements with investment managers

For the open-ended pooled funds in which the Plan invests, there are no predetermined terms of agreement with the investment managers. The Plan first invested with Legal & General in April 2006, Standard Life in March 2015 and M&G investments in March 2015.

The suitability of the Plan's asset allocation and its ongoing alignment with the Trustee's investment beliefs is assessed periodically, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.