
GIVAUDAN UK PENSION PLAN

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

GIVAUDAN UK PENSION PLAN

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TRUSTEES AND THEIR ADVISERS YEAR ENDED 31 MARCH 2018

Trustees	R Storey (Employee Elected), Chairman I Messenger (Company Appointed), Secretary T Witzig (Company Appointed) (resigned 7 June 2018) K Hough (Pensioner Elected) J F Rossiter (Pensioner Elected) D E Calver (Employee Elected) P Parmar (Company Appointed)
Sponsoring Employer	Givaudan UK Limited
Secretary to the Trustees	Mr Ian Messenger Givaudan UK Limited Chippenham Drive Kingston Milton Keynes MK 10 0AE
Actuary	Scott James Pinder FIA Willis Towers Watson
Administrators	Aon Hewitt Limited
Consultant	Willis Towers Watson
Independent Auditor	Crowe U.K. LLP (formerly Crowe Clark Whitehill LLP)
Investment Manager	Legal & General Investment Management Limited (Legal & General)
AVC Providers	Clerical Medical Investment Group Limited (Clerical Medical) Legal & General Investment Management Limited (Legal & General) The Equitable Life Assurance Society (Equitable Life) Legal & General Group Plc
Bankers	Bank of Scotland Plc
Solicitors	Travers Smith

GIVAUDAN UK PENSION PLAN

TRUSTEES' REPORT YEAR ENDED 31 MARCH 2018

Introduction

The Trustees of Givaudan UK Pension Plan (the 'Plan') are pleased to present the annual report together with the audited financial statements for the year ended 31 March 2018. The Plan is a hybrid plan incorporating a Defined Benefit section ('DB Section') and a Defined Contribution section ('DC Section') and is administered by Aon Hewitt Limited in accordance with the establishing documents and rules, solely for the benefit of its members and other beneficiaries. Defined Contribution members of the Plan were contracted-in to the State Second Pension whilst they were active (section now closed to future contributions). The Defined Benefit section was contracted-out under a certificate issued by the Inland Revenue National Insurance Contributions Office until 5 April 2016 in line with changes in legislation and was closed to future accrual as at 31 March 2017.

Trustees and Advisers

A list of Trustees who served in the year is shown on page 1.

The Trustees are responsible for the administration and investment policy of the Plan and meet regularly to discuss the financing, investment and administration of the Plan. Under the terms of the Trust Deed, resolutions are passed on a simple majority of those voting.

There are three employer nominated Trustees, two employee elected Trustees and two pensioner elected Trustees. In accordance with the Trust Deed, the Principal Employer has the power to appoint and remove the employer nominated Trustees of the Plan.

In accordance with the Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 1996, members have the option to nominate and vote for member elected Trustees.

The present advisers to the Plan are shown on page 1.

Trustee meetings

The Trustees met formally three times during the year.

The Sponsoring Employer

The Principal Employer of the Plan is Givaudan UK Limited, Kennington Road, Ashford, Kent, TN24 0LT.

The Plan is provided for all eligible Defined Benefit employees of the sponsoring employer until the Defined Benefit section closed to future accrual as at 31 March 2017. The Plan was also provided for all eligible Defined Contribution employees of the Principal Employer until the Defined Contribution section closed to future accrual as at 31 March 2012.

Plan changes

There were no significant changes to the Plan within the year.

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TRUSTEES' REPORT YEAR ENDED 31 MARCH 2018

Membership

Details of the membership of the Plan as at 31 March 2018 are given below:

	Pensioners	Members with preserved benefits	Total
Defined benefits section			
Members at the start of the year	164	154	318
Adjustments to members	2	(2)	-
Retirements	5	(5)	-
Trivial commutations	-	(2)	(2)
Deaths	(5)	(1)	(6)
Transfers out	-	(3)	(3)
	166	141	307
Defined contributions section			
Members at the start of the year	-	118	118
Adjustment to members	-	(1)	(1)
Trivial commutation	-	(1)	(1)
Transfers out	-	(2)	(2)
Leavers NFL	-	(1)	(1)
	-	113	113
TOTAL MEMBERSHIP AT THE END OF THE YEAR	166	254	420

The DC section of the Givaudan UK Pension Plan was closed to future contributions on 31 March 2012. A replacement Group Personal Pension Plan was set up and members were invited to join it from 1 April 2012.

The DB section closed to future accrual on 31 March 2017. At this point, all active members became deferred members of the Plan.

Pensioners include individuals receiving a pension upon the death of their spouse.

These membership figures do not include movements notified to the Administrator after the completion of the annual renewal, which are included above as adjustments in relation to the previous year end.

Pension increases

Pensions in payment which receive guaranteed annual increases were increased on 1 April 2018 in line with the CPI inflation measure of 3.0% (1 April 2017: 1.0%).

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TRUSTEES' REPORT YEAR ENDED 31 MARCH 2018

Review of the financial developments during the year as shown by the audited financial statements

The financial statements on pages 19 to 37 show that the value of the Plan's assets increased by £80,282 to £72,466,564 as at 31 March 2018. The increase comprised of net withdrawals from dealings with members of £2,337,798 together with net returns on investments of £2,418,080.

The financial statements have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995.

Further details of the financial developments of the Plan may be found in the audited financial statements on pages 19 to 37.

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Report on Actuarial Liabilities

Under section 222 of the Pensions Act 2004, occupational pension schemes with defined benefit liabilities are subject to the "Statutory Funding Objective", which is to have sufficient and appropriate assets to cover their technical provisions. The technical provisions represent the present value of the benefits to which members are entitled based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustees and the Company and set out in the Statement of Funding Principles, which is available to members upon request.

The most recent full actuarial valuation of the Plan was carried out as at 31 March 2017. This showed that on that date:

The value of the technical provisions was:	£73.0 million
The value of the assets was:	£72.4 million

These figures include technical provisions and equal assets for AVCs and the DC Section of £2.1million in total. The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles).

Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Discount rate

The Willis Towers Watson fixed interest gilt yield curve plus 0.15% p.a.

Inflation

The Retail Price Inflation (RPI) assumption is equal to the Willis Towers Watson gilt implied inflation curve. The Consumer Price Inflation (CPI) assumption is equal to RPI less 0.8% p.a.

Pension increases

Pension increases in deferment are set equal to the inflation curve, capped as appropriate over the period to retirement.

Pension increases in payment are determined relative to the CPI curve, capped at 5% or 3% p.a. as appropriate, allowing for the impact of the caps and floors and the volatility of inflation by applying the Black model.

Pre and post-retirement mortality

Executive members

SAPS 2 Light Health Pensioner mortality tables, with a 0.85 multiplier for males and 0.92 for females, and CMI 2016 1.5% p.a. trend improvements from 2007, appropriate for each member's year of birth.

All other members

SAPS 2 Normal Pensioner mortality tables, with a 0.85 multiplier for males and 0.92 for females, and CMI 2016 1.5% p.a. trend improvements from 2007, appropriate for each member's year of birth.

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TRUSTEES' REPORT YEAR ENDED 31 MARCH 2018

Contributions

Contributions received from the employer and employees were in accordance with the Rules of the Plan and the Schedule of Contributions in force during the year.

Transfer Values

Transfer values paid during the year were calculated and verified in the manner required by the Pensions Schemes Act 1993. None of the transfer values paid were less than the amount provided by the Act.

No discretionary benefits are accounted for in the calculation of transfer values.

Additional voluntary contributions (AVCs)

AVCs are a tax efficient method of saving as they are allowed against tax in the same way as normal contributions to the Plan. In addition, they are invested in special insurance contracts where they benefit from the tax concessions available to pension arrangements.

The AVC arrangements are now closed to new members and contributions.

Expression of Wish forms

The Trustees wish to remind members that they can indicate to the Trustees the persons to whom they wish any lump sum benefits and pension benefits to be paid in the event of their death. The Trustees will then be able to take members' wishes into account, although they are not obliged to do so. Members are also urged to review their Expression of Wish Form should their circumstances change.

Expression of Wish Forms are available on request from Mr I Messenger.

GIVAUDAN UK PENSION PLAN

TRUSTEES' REPORT YEAR ENDED 31 MARCH 2018

Investment Report

Investment objectives and strategy

DB Section

The investment objectives of the Trustees are to:

- a) Acquire secure assets of appropriate liquidity which will generate sufficient income and capital growth to meet, together with any contributions from the Company, the cost of benefits which the Plan provides, as set out in the Trust Deed and Rules.
- b) Limit the risk of the assets failing to meet the liabilities over the long term, in particular in relation to the Scheme Specific Funding Requirement.
- c) Minimise the long term costs of the Plan by maximising the return on assets whilst having regard to the objective shown under (b).

The Trustees set the investment strategy for the Plan taking into account considerations such as the strength of the Company covenant, the long term liabilities of Plan and the funding agreed with the Company. The investment strategy is set out in its Statement of Investment Principles ("SIP").

The current strategy is to hold:

- 40% in return seeking investments comprising 10% UK and 30% global equities.
- 60% in bond investments that move broadly in line with the long term liabilities of the Plan. These assets comprise 20% UK index linked government bonds, 20% UK fixed interest bonds and 20% corporate bonds. The purpose of these assets is to (partially) hedge against the impact of movements in interest rate and future inflation expectations on long term liabilities.

DC Section

The Trustees' duties are to act in the Members' best interests. One of the Trustees' primary objectives therefore is to make available appropriate investment options to Members of the Plan.

The Trustees believe that Members should make their own investment decisions based on their individual circumstances. The Trustees regard their duty as making available a range of investment options sufficient to enable Members to tailor their investment strategy to their own needs.

The Trustees also recognise that Members may not believe themselves qualified to take investment decisions. As such the Trustees make available a default option. The default option places the emphasis on aiming to deliver a good level of real return over the Members' working lifetimes and also encompasses a switch into asset classes designed to provide some protection against equity market falls as well as fluctuating annuity prices in the years approaching the Member's selected target retirement age.

The Trustees' policy is that the extent to which social, environmental or ethical issues may have a financial impact on the portfolio will be taken into account by the investment manager in the exercise of its delegated duties.

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TRUSTEES' REPORT YEAR ENDED 31 MARCH 2018

Investment Report (continued)

Investment performance

The table below shows the overall performance of the Plan (excluding the value of any Additional Voluntary Contributions) to 31 March 2018:

Total return	One year (%)		Three years (%) p.a.		Five years (%) p.a.	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
DB Section	3.49	3.26	6.35	6.17	7.88	7.69
DC Section	2.30	2.40	8.14	8.18	9.01	9.06

The performance of the Plan is consistent with the benchmark. The Trustees continue to monitor the performance of the investments on a regular basis.

Investment Manager

The current Investment Manager is shown on page 1.

The investment manager is given some discretion in making investment decisions, subject to instructions and guidelines laid down by the Trustees.

As required by the Pensions Act 1995, the Trustees have prepared a Statement of Investment Principles setting out their policy on investment. A copy of the Statement is available on request.

The latest Statement of Investment Principles was effective from December 2013. The investments of the Plan are invested in accordance with the Occupational Pension Schemes (Investment) Regulations 2005.

Legal & General Investment Management Limited apply both implicit and explicit charges. The implicit fees are included in the change in market value, the explicit fees are invoiced separately.

The Trustees have delegated the exercise of voting rights to the Investment Manager on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the manager has produced written guidelines of their process and practice in this regard. The Investment Manager is encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies.

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TRUSTEES' REPORT YEAR ENDED 31 MARCH 2018

Further information

Further information about the Plan is available, on request, to members and prospective members, their spouses and other beneficiaries together with all recognised trade unions. In particular, the documents constituting the Plan, the Rules and a copy of the latest actuarial report and the Trustees' Statement of Investment Principles can be inspected.

If members have any queries concerning the Plan or their own pension position, or wish to obtain further information, they should contact Ian Messenger who will also be able to provide them with a further copy of the Plan's booklet should they require one and answer any queries that they may have about entitlement to benefits.

The Plan has a formal dispute procedure in place. Members whose issues are not resolved by the Plan Administrator can notify their grievance to the address below.

The Trustees of Givaudan UK Pension Plan care of:

Mr Ian Messenger
Givaudan UK Limited
Chippenham Drive
Kingston
Milton Keynes
MK10 0AE
ian.messenger@givaudan.com

Aon Hewitt Limited processes the personal data as contained in this report and financial statements for the purpose of providing the Trustees with a report and financial statement on the operation of the Plan. Aon Hewitt Limited processes personal data in the context of the operation of the Plan on behalf of the Trustees, the data controller. Aon Hewitt Limited, in its capacity as data processor who provides the members of the Plan with pension services on behalf of the Trustees, will comply with the applicable legislation including any data protection legislation and the instructions of the Trustees.

The Trustees or the Employer will ensure the data subjects of whom personal data is processed for the purposes of this report and financial statement are informed of the processing activities in accordance with the requirements of the applicable data protection legislation.

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HM Revenue & Customs approval

The Plan is a registered pension scheme in accordance with The Finance Act 2004. This means that the contributions paid by both the Company and the members qualify for full tax relief, and enables income earned from investments by the Trustees to receive preferential tax treatment.

Other Information

(i) Pension Tracing

The Plan is registered with the Pension Tracing Service which maintains a list of up to date addresses of schemes to assist ex-members trace their rights if they have lost contact with the previous employers' scheme. The address for the Pension Tracing Service is:

The Pension Tracing Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU
0345 600 2537
<https://www.gov.uk/find-lost-pension>

(ii) Resolving Difficulties/Internal Dispute Resolution

It is expected that most queries relating to benefits can be resolved with the Plan's administration office. In the event that a complaint cannot be resolved members can make a formal complaint using the Plan's Internal Dispute Resolution (IDR) procedure details of which can be obtained from the Trustees' office.

If the complaint is not resolved satisfactorily, the Government appointed Pensions Ombudsman can investigate complaints of injustice by bad administration either by the Trustees or the Plan Administrators, or disputes of fact of law. The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU
0800 917 4487
enquiries@pensions-ombudsman.org.uk

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TRUSTEES' REPORT YEAR ENDED 31 MARCH 2018

(iii) The Pensions Regulator

The Pensions Regulator (TPR) is the UK regulator of work-based pension schemes.

TPR's role is to act to protect the interest of pension scheme members and to enforce the law as it applied to occupational pensions.

The regulations set out clearly the areas that TPR covers and the powers that are vested in it. For example, TPR can prohibit or disqualify Trustees for acting unlawfully, and can impose fines on wrongdoers.

TPR can be contacted at:
The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW
0345 600 0707
www.thepensionsregulator.gov.uk
customersupport@tpr.gov.uk

(iv) The Pension Protection Fund

The Pension Protection Fund was established to provide compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.

The Pension Protection Fund is a statutory fund run by the Board of the Pension Protection Fund, a statutory corporation established under the provisions of the Pensions Act 2004.

(v) Plan Information

The Trust Deed and Rules, the Plan details and a copy of the Schedule of Contributions and Statement of Investment Principles are available for inspection by contacting the Plan Administrators at the address shown for enquiries in this report.

Any information relating to the member's own pension position, including estimates of transfer value, should be requested from the administrators of the Plan at the address below:

Aon Hewitt Limited
Colmore Gate
2 Colmore Row
Birmingham
B3 2QD

GIVAUDAN UK PENSION PLAN

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

The Trustees are also responsible for making available certain other information about the Plan in the form of an Annual Report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions. Where breaches of the Plan occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Signed for and on behalf of the Trustees:

Trustee:

Trustee:

Date:

26/10/2018

GIVAUDAN UK PENSION PLAN

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

The Chair's Annual Governance Statement - Year ended 31 March 2018

This Statement has been prepared by the Trustees of The Givaudan UK Pension Plan (the 'Trustees' of 'the Plan') to demonstrate how the DC Section of the Plan and AVC arrangements (with Legal & General - L&G) and AVC arrangements (with L&G, Clerical Medical and Equitable Life) have complied with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015 (the 'Regulations'). The DC Section and the AVC arrangements are closed to new members and contributions.

The AVC arrangements with Equitable Life and Clerical Medical are legacy arrangements, which the Trustees monitor on a regular basis. These funds represent a smaller proportion of overall assets than the AVCs with L&G.

This statement covers four key areas:

1. The investment strategy relating to the DC Section's default option;
2. The processing of core financial transactions;
3. Charges, transaction costs & value for money within the DC Section and AVC arrangements;
4. The Trustees' compliance with the statutory Trustee Knowledge and Understanding (TKU) requirements.

The Trustees' statement in respect of these requirements are set out herein.

The Trustees receive professional Defined Contribution ('DC') Investment and Governance advice from Willis Towers Watson ('the Professional Adviser'). The DC Section of the Plan is administered by Aon Hewitt ('the Plan Administrator').

Investment strategy – relating to the Plan's default arrangement

The Trustees' investment beliefs & objectives

The Trustees have prepared a Statement of Investment Principles (SIP) which governs their decisions about investments, including their aims, objectives and policies for the DC Section's default investment arrangement. In particular, it covers:

- a. The Trustees' aims and objectives including an explanation of how assets held in the default strategy are invested with the best interests of beneficiaries in mind.
- b. The Trustees' policies in relation to the:
 - i. Kinds of investments to be held
 - ii. Balance between the different kinds of investment
 - iii. Risks, including how these are measured and managed
 - iv. Expected return on investments
 - v. The realisation of investments
 - vi. The extent to which social, environment or ethical considerations are taken into account in the acquisition, retention and disposal of investments.

Similarly, the objectives and principles for the AVC arrangements have also been documented in a separate SIP.

GIVAUDAN UK PENSION PLAN

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

A copy of the SIP is appended to this Report and Financial Statements. The SIP is reviewed at least every three years and no material changes have been made to the SIP during the year to 31 March 2018.

The DC Section's default investment option was last considered during a review of the SIP in 2016. The next review is in 2019 following a wider strategic review of the DC Section.

The Trustees receive updates from the Professional Adviser with regards to market practice for default investment strategies in DC trust-based pension schemes.

The DC Section's current default investment option targets annuity purchase at retirement. The Trustees are comfortable with the default arrangement, but will continue to monitor the appropriateness of it. The Trustees monitor performance of the funds within the default option, as well as other self-select funds on a regular basis during Trustees' meetings.

Core scheme financial transactions

The DC Section and the Plan's AVC arrangements are closed to new members and future contributions.

The Plans's Administrator provides administration reports to the Trustees on a triannual basis. The Trustees regularly monitor the core financial transactions of the Plan at each Trustees' meeting via this report. L&G also provide management information to the Trustees in respect of the AVC arrangement, which includes performance relative to Service Level Agreements ('SLAs') for key tasks.

The Trustees are satisfied that during the Plan year, it had secured that the DC Section's core financial transactions would be processed promptly and accurately, to the extent possible.

It is envisaged that the range of transactions monitored, and the Trustees' view on acceptable timescales for completion of specific tasks will continue to be kept under review and documented accordingly.

Charges, transaction costs & value for money

Member-borne costs and charges

The costs associated for many of the services required to operate the Plan and support members, such as administration and communications, are met by the Plan's sponsor. The Total Expense Ratios (TERs) applied to the DC Section's fund range are shown in the following table:

Fund	TER
Legal & General Global Equity (50:50) Index Fund	0.165% per annum
Legal & General Over 15 Years Gilt Index Fund	0.10% per annum
Legal & General 5 Year Index-Linked Gilt Index Fund	0.10% per annum
Legal & General Cash Fund	0.125% per annum

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CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

There are multiple AVC providers including Legal & General (L&G), Equitable Life and Clerical Medical. The TERs applied to the bundled L&G AVC fund range are shown in the following table:

Fund	TER
L&G (PMC) Global Equity Market Weights 30:70 Index Fund 75% GBP Currency Hedged Fund 3	0.51% per annum
L&G (PMC) World (Ex-UK) Equity Index Fund 3	0.49% per annum
L&G (PMC) UK Equity Index Fund 3	0.47% per annum
L&G Property Fund 3	1.11% per annum
L&G (PMC) Pre-Retirement Fund 3	0.47% per annum
L&G Cash Fund 3	0.47% per annum

Members in the Equitable Life AVC arrangement are invested in either the With-Profits Fund or the Deposit Fund. The Annual Management Charge (AMC) for the Deposit Fund is 0.50%.

The majority of members in the Clerical Medical arrangement are invested in the With-Profits Fund. There are a small number that remain invested in unit-linked funds and these funds have a TER of 0.50% p. a.

The Plan is not used as a qualifying scheme for automatic enrolment purposes, so the charge controls do not apply.

The actual member-borne charges are as follows:

- The Total Expense Ratios applicable to the DC Section funds range from 0.10% p.a. to 0.165% p.a.
- Different charges apply to the unit-linked AVCs, and range from 0.47% p.a. to 1.11% p.a.
- The actual costs borne by individual members depend on the fund, or combination of funds, that members are invested in.

Transaction costs

Transaction costs are those incurred by fund managers as a result of buying, selling, lending or borrowing investments. These costs are allowed for within the unit price for each of the funds. The Financial Conduct Authority published a Policy Statement on transaction costs disclosure on 20 September 2017. The Policy Statement sets out the method by which transaction costs will have to be calculated and places a legal requirement on the responsible bodies (the investment manager in the case of the Plan) to provide this information on request. These requirements became effective from 3 January 2018.

Schemes with a year end on or after 6 April must incorporate the information above into their Chair's Statement this year. Schemes with a year end before this date are not required to do so until the following year.

The Professional Advisors will work with the fund managers to obtain the transactions costs applicable to the Plan to include it in the Chair's Statement for the period to 31 March 2019.

GIVAUDAN UK PENSION PLAN

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Value for members - How the Trustees meet the Pension Regulator's value for members requirements.

The Trustees are committed to ensuring that the DC Section provides value for its members.

The Trustees have sought advice from the Professional Adviser and are satisfied that the DC Section of the Plan does provide Value for Members (the rationale for this is documented separately in a Value for Money statement prepared by the Professional Adviser). The Professional Adviser has considered the Pensions Regulator's guidance on assessing Value for Members, as well as the Plan's status as a closed arrangement, when drawing its conclusion.

The assessment considered:

- Charges paid by members for investment funds.
- Additional financial support provided by the Company for administration, governance and management, and communications.
- The quality and extent of services provided to members through the third party administrator.

The majority of members remaining in the legacy AVC policies are invested in with-profits funds (which include certain benefit guarantees). As such, the Trustees are unable to fully assess the value offered by these arrangements due to the complexity involved in assessing the costs and investment returns associated with investing in a with-profits fund.

Trustees' knowledge and understanding (TKU)

The Trustees have a strong TKU process in place which enables them, together with the advice available to them, to exercise their functions as Trustees of the Plan. The Trustees' approach to meeting the TKU requirements includes (but is not limited to):

- Receiving training at each Trustees' meeting as a standing agenda item, covering relevant subjects proposed by the Professional Adviser.
- On an ongoing basis, the Trustees receive hot topics and updates concerning legislative, regulatory, provider and wider market developments from the Professional Adviser where relevant to the Plan and/or its members.
- If necessary, the Trustees receive relevant ad-hoc training delivered by the Professional Adviser as and when specific issues arise.
- The Secretary to the Trustees records all training in the trustee training logs.
- As appropriate, completion of the relevant parts of the Pensions Regulator's Trustee Toolkit is undertaken by each Trustee.

The Professional Adviser has undertaken an independent assessment of the TKU process and has confirmed that it meets the regulatory standards and is therefore compliant with the Pensions Regulator's DC Code of Practice no 13 (paragraphs 27-58) and the Code of Practice no 7 on TKU. The Trustees are satisfied that they have met the relevant legislative requirements. Trustees receive ongoing training on the DC Section and AVCs. In particular, over the year to March 2018 the Trustees have received specific training and advice in relation to strategic options for the future of the DC Section. This is a recurring item at meetings that will continue during 2018/19 and will enable effective decisions to be taken.

Signed by the Chair of the Trustees of the Givaudan UK Pension Plan

Print name: Robin Storey



Date:

26/10/2018

GIVAUDAN UK PENSION PLAN

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

Independent Auditor's Report to the Trustees of the Givaudan UK Pension Plan

Opinion

We have audited the financial statements of the Givaudan UK Pension Plan ("the Plan") for the year ended 31 March 2018 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 March 2018, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Plan's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

GIVAUDAN UK PENSION PLAN

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12, the Trustees are responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to wind up the Plan or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Plan's Trustees, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

London

Date:

24 October 2018

GIVAUDAN UK PENSION PLAN

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	Note	Defined benefit section 2018 £	Defined contribution section 2018 £	2018 £	2017 £
Contributions and Benefits					
Employer's Contributions	3	1,167,994	-	1,167,994	468,277
Other income	4	-	-	-	1,013
		<u>1,167,994</u>	<u>-</u>	<u>1,167,994</u>	<u>469,290</u>
Benefits	5	(2,079,116)	(13,214)	(2,092,330)	(1,979,844)
Payments to and on account of leavers	6	(1,114,023)	(27,933)	(1,141,956)	(66,108)
Administrative expenses	7	(271,461)	(45)	(271,506)	(227,679)
		<u>(3,464,600)</u>	<u>(41,192)</u>	<u>(3,505,792)</u>	<u>(2,273,631)</u>
Net withdrawals from dealings with members		<u>(2,296,606)</u>	<u>(41,192)</u>	<u>(2,337,798)</u>	<u>(1,804,341)</u>
Returns on investments					
Investment income	8	82	3	85	47
Change in market value of investments	9	2,473,469	38,170	2,511,639	10,840,979
Investment management expenses	14	(93,644)	-	(93,644)	(86,661)
		<u>2,379,907</u>	<u>38,173</u>	<u>2,418,080</u>	<u>10,754,365</u>
Net returns on investments		<u>2,379,907</u>	<u>38,173</u>	<u>2,418,080</u>	<u>10,754,365</u>
Net increase/(decrease) in the fund during the year		<u>83,301</u>	<u>(3,019)</u>	<u>80,282</u>	<u>8,950,024</u>
Net assets of the Plan					
At 1 April		<u>70,819,749</u>	<u>1,566,533</u>	<u>72,386,282</u>	<u>63,436,258</u>
Net assets of the Plan					
At 31 March		<u><u>70,903,050</u></u>	<u><u>1,563,514</u></u>	<u><u>72,466,564</u></u>	<u><u>72,386,282</u></u>

The notes on pages 21 to 37 form an integral part of these financial statements.

GIVAUDAN UK PENSION PLAN

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Defined benefits section			
Investment assets			
Pooled investment vehicles	11	69,929,693	69,220,917
AVC investments	12	514,291	563,721
Total investments		<u>70,443,984</u>	<u>69,784,638</u>
Current assets	17	532,193	1,137,421
Current liabilities	18	(73,127)	(102,310)
		<u>70,903,050</u>	<u>70,819,749</u>
Total assets designated to members			
	Note	2018 £	2017 £
Defined contributions section			
Investment assets			
Pooled investment vehicles	11	1,416,323	1,423,715
AVC investments	12	145,870	141,456
Total investments		<u>1,562,193</u>	<u>1,565,171</u>
Current assets	17	1,321	1,362
Total		<u>1,563,514</u>	<u>1,566,533</u>
TOTAL NET ASSETS AT 31 MARCH 2018		<u>72,466,564</u>	<u>72,386,282</u>

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included in the Trustees' Report and these financial statements should be read in conjunction with it.

The notes on pages 21 to 37 form an integral part of these financial statements.

These financial statements were approved by the Trustees and were signed on their behalf by:

Trustee:

Trustee:

Date:

26/10/2018

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised November 2014) ("the SORP").

2. ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements.

2.1 Accruals concept

The financial statements have been prepared on an accruals basis.

2.2 Contributions and benefits

Normal contributions and benefits and PPF levy contributions are accounted for in the period in which they fall due in line with the Schedule of Contributions.

Additional and deficit funding is accounted for in the period in which it falls due in line with the Schedule of Contributions.

Benefits to members are accounted for in the period in which they fall due, whenever the members' wishes are known.

2.3 Investment income

Investment income on cash deposits is accounted for on an accruals basis.

Income from pooled investment vehicles is not distributed but is reinvested and reflected in the unit price. It is reported within the 'Change in Market Value'.

2.4 Valuation of investments

Pooled investment vehicles are stated at bid price or single price where there is no bid/offer spread as provided by the investment manager at the year end.

The additional voluntary contribution investments include insurance policies and the total value of building society accounts.

Insurance policies are underwritten by the AVC providers listed on page 1 of this report. The market value of insurance policies has been taken as the surrender value of the policies at the year end, as advised by the AVC providers.

2.5 Payments to and on account of leavers

Individual transfers in or out of the Plan are accounted for when the member liability is accepted or discharged which is normally when the transfer amount is paid or received.

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES (continued)

2.6 Expenses

Administrative expenses and investment management expenses are accounted for on an accruals basis.

3. EMPLOYER'S CONTRIBUTIONS

	Defined benefit section 2018 £	Defined contribution section 2018 £	2018 £
Normal	-	-	-
Additional	228,000	-	228,000
Deficit funding	939,994	-	939,994
	<u>1,167,994</u>	<u>-</u>	<u>1,167,994</u>
	<u>1,167,994</u>	<u>-</u>	<u>1,167,994</u>
	Defined benefit section 2017 £	Defined contribution section 2017 £	2017 £
Normal	252,277	-	252,277
Additional	216,000	-	216,000
Deficit funding	-	-	-
	<u>468,277</u>	<u>-</u>	<u>468,277</u>
	<u>468,277</u>	<u>-</u>	<u>468,277</u>

For the DB section, the additional contribution of £228,000 (2017: £216,000) was received to cover administrative expenses.

Under the revised Schedule of Contributions certified in July 2018, deficit funding contributions of £940,000 per annum are payable to the Plan in equal monthly instalments of £78,333 from 1 April 2017 to 31 March 2019.

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

4. OTHER INCOME

	Defined benefit section 2018 £	Defined contribution section 2018 £	2018 £
Other income	-	-	-
	<i>Defined benefit section 2017 £</i>	<i>Defined contribution section 2017 £</i>	<i>2017 £</i>
Other income	-	1,013	1,013

5. BENEFITS

	Defined benefit section 2018 £	Defined contribution section 2018 £	2018 £
Pensions	1,753,992	-	1,753,992
Commutations and lump sum retirement benefits	252,933	5,787	258,720
Annuities	-	7,427	7,427
Death benefits	72,191	-	72,191
	2,079,116	13,214	2,092,330

The Plan purchases annuity policies to cover future pension payments for members in the DC section and in respect of DB section members' matured AVC funds. The costs of acquiring these policies are included in the fund account for the year and represent the cost of discharging the obligations of the Plan to the relevant members at the time of purchase. Accordingly, no value is placed on these policies in the Plan's accounts.

	<i>Defined benefit section 2017 £</i>	<i>Defined contribution section 2017 £</i>	<i>2017 £</i>
Pensions	1,653,119	-	1,653,119
Commutations and lump sum retirement benefits	295,241	14,979	310,220
Annuities	-	16,505	16,505
Death benefits	-	-	-
	1,948,360	31,484	1,979,844

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

6. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	Defined benefit section 2018 £	Defined contribution section 2018 £	2018 £
Payment for members joining state scheme	-	-	-
Individual transfer out to other schemes	1,114,023	27,933	1,141,956
	<u>1,114,023</u>	<u>27,933</u>	<u>1,141,956</u>
	<u>1,114,023</u>	<u>27,933</u>	<u>1,141,956</u>
	Defined benefit section 2017 £	Defined contribution section 2017 £	2017 £
Payment for members joining state scheme	1,244	-	1,244
Individual transfer out to other schemes	50,914	13,950	64,864
	<u>52,158</u>	<u>13,950</u>	<u>66,108</u>
	<u>52,158</u>	<u>13,950</u>	<u>66,108</u>

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

7. ADMINISTRATIVE EXPENSES

	Defined benefit section 2018 £	Defined contribution section 2018 £	2018 £
External providers and professional fees	41,642	-	41,642
Actuarial fees	195,655	-	195,655
Audit fee	10,000	-	10,000
Legal fees	23,578	-	23,578
Bank charges	428	45	473
Sundry expenses	158	-	158
	<u>271,461</u>	<u>45</u>	<u>271,506</u>
	Defined benefit section 2017 £	Defined contribution section 2017 £	2017 £
External providers and professional fees	38,631	-	38,631
Actuarial fees	159,095	-	159,095
Audit fee	14,485	-	14,485
Legal fees	10,336	-	10,336
Bank charges	368	62	430
Sundry expenses	2,062	2,640	4,702
	<u>224,977</u>	<u>2,702</u>	<u>227,679</u>

Except as noted above, administrative expenses of the Plan have been borne by the Principal Employer. As disclosed in Note 3 the Principal Employer contributes towards the costs of the administration expenses of the Plan.

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

8. INVESTMENT INCOME

	Defined benefit section 2018 £	Defined contribution section 2018 £	2018 £
Bank Interest	82	3	85
	<u>82</u>	<u>3</u>	<u>85</u>
	Defined benefit section 2017 £	Defined contribution section 2017 £	2017 £
Bank Interest	38	9	47
	<u>38</u>	<u>9</u>	<u>47</u>

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

9. INVESTMENTS

Defined Benefit section

	Value at 01/04/2017	Purchases at cost	Sales proceeds	Change in market value	Value at 31/03/2018
	£	£	£	£	£
Pooled investment vehicles	69,220,917	1,485,000	(3,224,956)	2,448,733	69,929,693
AVC investments	563,721	-	(74,167)	24,737	514,291
	<u>69,784,638</u>	<u>1,485,000</u>	<u>(3,299,123)</u>	<u>2,473,470</u>	<u>70,443,984</u>

Defined Contribution section

	Value at 01/04/2017	Purchases at cost	Sales proceeds	Change in market value	Value at 31/03/2018
	£	£	£	£	£
Pooled investment vehicles	1,423,715	16,807	(57,955)	33,756	1,416,323
AVC investments	141,456	-	-	4,414	145,870
	<u>1,565,171</u>	<u>16,807</u>	<u>(57,955)</u>	<u>38,170</u>	<u>1,562,193</u>

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Direct transaction costs are included in the cost of purchases and sales proceeds. Direct transaction costs include costs charged directly to the Plan such as fees, commissions, stamp duty and other fees. There were no direct transaction costs incurred in the current and preceding year.

Indirect costs are incurred through bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Plan.

DC Section assets are allocated to provide benefits to the individuals on whose behalf the contributions were paid. The assets allocated to members do not form a common pool of assets available to members. Members receive an annual statement confirming the contributions paid on their behalf and the value of their Defined Contributions rights. All DC Section investments were allocated to members at the current and preceding year end.

10. TRANSACTION COSTS

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Plan such as commissions and stamp duty. There were no direct transaction costs during the year.

Indirect costs are incurred through bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Plan.

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

11. POOLED INVESTMENT VEHICLES

	Defined benefit section 2018 £	Defined contribution section 2018 £	2018 £
Equity funds	27,104,817	1,371,473	28,476,290
Bond funds	42,824,876	42,866	42,867,742
Cash funds	-	1,984	1,984
	<u>69,929,693</u>	<u>1,416,323</u>	<u>71,346,016</u>

	Defined benefit section 2017 £	Defined contribution section 2017 £	2017 £
Equity funds	28,296,741	1,372,947	29,669,688
Bond funds	40,924,176	45,593	40,969,769
Cash funds	-	5,175	5,175
	<u>69,220,917</u>	<u>1,423,715</u>	<u>70,644,632</u>

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

12. AVC INVESTMENTS

The Trustees hold assets which are separately invested from the main fund. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions.

Members who participated in this arrangement receive an annual statement made up to 31 March each year, confirming the amounts held to their account and movements during the year.

The total amount of AVC investments at the year end is shown below.

	Defined benefit section 2018 £	Defined contribution section 2018 £	2018 £
Equitable Life	10,433	2,001	12,434
Clerical Medical	210,564	-	210,564
Legal & General	293,294	143,869	437,163
	<u>514,291</u>	<u>145,870</u>	<u>660,161</u>

	<i>Defined benefit section 2017 £</i>	<i>Defined contribution section 2017 £</i>	<i>2017 £</i>
Equitable Life	10,082	1,934	12,016
Clerical Medical	200,319	-	200,319
Legal & General	353,320	139,522	492,842
	<u>563,721</u>	<u>141,456</u>	<u>705,177</u>

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

13. CONCENTRATION OF INVESTMENTS

The following investments, excluding UK Government securities, account for more than 5% of the Plan's net assets as at 31 March

	31 March 2018 Market value £		31 March 2017 Market Value £	
Invt Grade Corp Bond	14,078,592	19 %	13,583,428	19 %
Over 5 year index-linked gilts	10,858,833	15 %	10,797,190	15 %
All Stocks Gilts Index	10,043,620	14 %	10,051,355	14 %
UK Equity Index	6,861,595	9 %	7,248,016	10 %
Europe (ex UK) Index GBP Hedged	4,985,753	7 %	5,197,852	7 %
North America Eq Index GBP Hedged	4,880,518	7 %	5,026,598	7 %
Over 15 year Gilts Index	4,345,339	6 %	3,574,899	5 %

14. INVESTMENT MANAGEMENT EXPENSES

	Defined benefit section 2018 £	Defined contribution section 2018 £	2018 £
Administration, management & custody	93,644	-	93,644
	<i>Defined benefit section 2017 £</i>	<i>Defined contribution section 2017 £</i>	<i>2017 £</i>
Administration, management & custody	86,661	-	86,661

GIVAUDAN UK PENSION PLAN

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. FAIR VALUE

The fair value of financial instruments have been calculated using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for an identical asset or liability that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability either directly or indirectly;

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

	At 2018			
	Level 1 £	Level 2 £	Level 3 £	Total £
Defined Benefit section				
Pooled investment vehicles	-	69,929,693	-	69,929,693
AVC	-	281,128	233,163	514,291
	<u>-</u>	<u>70,210,821</u>	<u>233,163</u>	<u>70,443,984</u>
Defined Contributions section				
Pooled investment vehicles	-	1,416,323	-	1,416,323
AVC	-	139,522	2,001	145,870
	<u>-</u>	<u>1,555,845</u>	<u>2,001</u>	<u>1,562,193</u>

	At 2017			
	Level 1 £	Level 2 £	Level 3 £	Total £
Defined Benefit section				
Pooled investment vehicles	-	69,220,917	-	69,220,917
AVC	-	353,319	210,402	563,721
	<u>-</u>	<u>69,574,236</u>	<u>210,402</u>	<u>69,784,638</u>
Defined Contributions section				
Pooled investment vehicles	-	1,423,715	-	1,423,715
AVC	-	139,522	1,933	141,456
	<u>-</u>	<u>1,563,237</u>	<u>1,933</u>	<u>1,565,171</u>

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

16. INVESTMENT RISK

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

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

Market risk: this comprises currency risk, interest rate risk and other price risk.

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

The Trustees determine their investment strategy after taking advice from a professional investment adviser, and having considered the strength of the Company covenant. The Plan has exposure to these risks because of the investments it makes in following the agreed investment strategy. Further details of the investment objectives and strategy is provided in the Trustees' Report under "Investment objectives and strategies". The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers, and are monitored by the Trustees by regular reviews of the investment portfolio.

Further information of the Trustees' approach to risk management, credit and market risk is set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Plan.

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

16. INVESTMENT RISK (continued)

DB Section

The following table summarises the extent to which the various classes of investments held by the Plan at year end are affected by the financial risks:

	Indirect Credit risk	Market risk			2018	2017
		Currency	Interest rate	Other price	£	£
Return seeking investments						
Pooled investment vehicles						
Equity funds	x	✓	x	✓✓	27,104,817	28,296,741
Matching investments						
Pooled investment vehicles						
Bond funds	✓✓	x	✓✓	x	42,824,876	40,924,176
Total					69,929,693	69,220,917

In the above table, the risks noted affect the asset class [✓✓] significantly, [✓] partially or [x] hardly/not at all and relate to both the current and preceding year.

Credit risk

The Plan invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Pooled investment vehicles are unrated. The direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager. Hence the tables above only contain information on funds where there is indirect credit risk based on the investments held in addition to the direct credit risk relating to the manager of the pooled investment vehicles.

Pooled investment vehicles used by the Plan comprise of unit linked insurance contracts in the current and preceding year end.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles, as stated in the table above. This risk is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. The Trustees manage the associated credit risk by requesting the investment manager to diversify the portfolio to minimise the impact of default by any one issuer (in the case of the corporate bonds).

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

16. INVESTMENT RISK (continued)

Currency risk

The Plan is subject to currency risk because a £20,243,222 (2017: £21,048,725) of the equity funds underlying investments are held in overseas markets. Of the total overseas investment £13,709,457 (2017: £14,207,096) are hedged back to sterling. The Trustees accept the remaining currency risk as part of the overall strategy of the Plan.

Interest rate risk

The Plan is subject to interest rate risk because of the investment in bonds through pooled investment vehicles as detailed in the table above as the matching investments. These assets are held because of their sensitivity to interest rates in order to mitigate liability risk. Under this strategy if interest rates fall, the value of bond investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the bond investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

The Trustees have set a benchmark for total investment in bonds of 60% of the total investment portfolio. At the year end the bond portfolio represented 61.2% (2017: 59.1%) of the total investment portfolio. This variance from the target asset allocation is within acceptable range and will vary depending on normal market / interest rate movements.

Other price risk

The Plan is subject to other price risk principally in relation to the investment in equities through pooled investment vehicles as detailed in the table above as part of their return seeking investments. The Trustees have set a target asset allocation of 40% of investments being held the return seeking investments. At the year end the return seeking investments represented 38.8% (2017: 40.9%) of the total investment portfolio. This variance from the target asset allocation is within acceptable range and will vary depending on normal market movements.

The Plan manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets. This is monitored on a regular basis by the Trustees.

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

16. INVESTMENT RISK (continued)

DC Section

The following table summarises the extent to which the various classes of investments are affected by the financial risk. The risks disclosed below relate to the DC Section's investments as a whole. Members are able to choose their own investments from the range of funds offered by the Plan Trustees, and therefore, may face a different profile of risks from their individual choices compared with the DC Section as a whole.

	Indirect credit risk	Market risk			2018	2017
		Currency	Interest rate	Other price	£	£
Pooled investment vehicles						
Equity funds	x	✓	x	✓✓	1,371,473	1,372,947
Bond funds	✓✓	x	✓✓	x	42,866	45,593
Cash funds	✓	x	✓	x	1,984	5,175
Total					1,416,323	1,423,175

In the above table, the risks noted affect the asset class [✓✓] significantly, [✓] partially or [x] hardly/not at all, and apply in both in the current and preceding year.

Direct Credit Risk

The Defined Contribution Section is subject to direct credit risk in relation to Legal & General through its holdings in unit linked insurance funds provided by Legal & General.

Legal & General is regulated by the Financial Conduct Authority and maintains separate funds for its policy holders. The Plan Trustees monitor the creditworthiness of Legal & General on a regular basis. Legal & General invests all the Plan's funds in its own investment unit linked funds and it does not use other investment funds or reinsurance arrangements. In the event of default by Legal & General the members may be entitled to limited compensation from the Financial Services Compensation Scheme.

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

17. CURRENT ASSETS

	Defined benefit section 2018 £	Defined contribution section 2018 £	2018 £
Employer contributions due	26	-	26
Prepaid pensions	124,379	-	124,379
Cash balances	407,788	1,321	409,109
	<u>532,193</u>	<u>1,321</u>	<u>533,514</u>

All contributions due to the Plan relate to the month of March 2018 and were paid in full to the Plan within the timescale required by the Schedule of Contributions currently in force.

The DC bank balance of £1,321 is not allocated to members. In 2017 the DC bank balance included £1,362 which was not allocated to members. All other DC current assets were allocated to members.

	<i>Defined benefit section 2017 £</i>	<i>Defined contribution section 2017 £</i>	2017 £
Employer contributions due	59,631	-	59,631
Prepaid pensions	122,110	-	122,110
Cash balances	955,680	1,362	957,042
	<u>1,137,421</u>	<u>1,362</u>	<u>1,138,783</u>

GIVAUDAN UK PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

18. CURRENT LIABILITIES

	Defined benefit section 2018 £	Defined contribution section 2018 £	2018 £
Unpaid benefits	-	-	-
Accrued expenses	72,914	-	72,914
HM Revenue & Customs	213	-	213
	<u>73,127</u>	<u>-</u>	<u>73,127</u>
	<i>Defined benefit section 2017 £</i>	<i>Defined contribution section 2017 £</i>	<i>2017 £</i>
Unpaid benefits	4,988	-	4,988
Accrued expenses	97,109	-	97,109
HM Revenue & Customs	213	-	213
	<u>102,310</u>	<u>-</u>	<u>102,310</u>

19. RELATED PARTY TRANSACTIONS

Transactions with related parties of the Plan have been disclosed in the annual report as follows:

The Sponsoring Employer, Givaudan UK Limited, provides secretarial services to the Trustees and bears these costs and certain other costs of the Plan itself. The costs borne by Givaudan UK Limited in relation to the Plan are not reflected in these financial statements.

The PPF levy was paid by the Employer during the year.

Some Trustees are also members of the Plan.

Expenses of £150 were paid in relation to the Trustees during the year (2017: £1,457).

20. EMPLOYER RELATED INVESTMENTS

There was no Employer related investments.

21. SELF INVESTMENT

The Plan does not hold any direct investments in the Company.

GIVAUDAN UK PENSION PLAN

STATEMENT ABOUT CONTRIBUTIONS TO THE PLAN FOR THE YEAR ENDED 31 MARCH 2018

Independent Auditor's statement about contributions to the Trustees of the Givaudan UK Pension Plan

Statement about contributions payable under the Schedule of Contributions

We have examined the Summary of Contributions payable to the Givaudan UK Pension Plan ("the Plan"), for the year ended 31 March 2018 which is set out on page 40.

In our opinion, contributions for the Plan year ended 31 March 2018 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Plan Actuary on 5 August 2015.

Basis of opinion

Our objective is to obtain sufficient evidence to give reasonable assurance that contributions reported in the attached Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the Schedule of Contributions.

Responsibilities of the Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Plan's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan. The Trustees are also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions.

Auditor's responsibilities for the statement about contributions

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Plan's Trustees, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Plan's Trustees those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustees as a body, for our work, for this statement, or for the opinion we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date: *29 October 2018*

GIVAUDAN UK PENSION PLAN

SUMMARY OF CONTRIBUTIONS FOR THE YEAR ENDED 31 MARCH 2018

Statement of Trustees' Responsibilities in respect of Contributions

The Plan's Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Plan's Trustees are also responsible for keeping records of contributions received in respect of any active member of the Plan and for procuring that contributions are made to the Plan in accordance with the Schedule.

Trustees' Summary of Contributions payable under the Schedule in respect of the Plan year ended 31 March 2018

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustees.

It sets out the Employer and member contributions payable to the Plan under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions set following the actuarial valuation of the Plan as at 31 March 2014, certified by the Plan actuary on 5 August 2015, in respect of the Plan year ended 31 March 2018.

Contributions payable under the Schedule in respect of the Plan year

	Defined benefit section £	Defined contribution section £	Total £
Employer's Contributions			
Deficit funding	939,994	-	939,994
Additional	228,000	-	228,000
	<u>1,167,994</u>	<u>-</u>	<u>1,167,994</u>

Signed on behalf of the Trustees:

Trustee:

Trustee:

Date:

26/10/2018

GIVAUDAN UK PENSION PLAN

ACTUARIAL STATEMENTS

Actuarial certification for the purposes of regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of plan: Givaudan UK Pension Plan

Adequacy of rates of contributions

1. I hereby certify that, in my opinion, the rates of the contributions payable in accordance with this Schedule of Contribution dated June 2018 are such that the statutory funding objective on 31 March 2017 could have been expected to be met by the end of the period specified in the Recovery Plan.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated June 2018.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not certification of their adequacy for the purpose of securing the Plan's liabilities by the purchase of annuities, if the Plan were wound up.

Signature: Scott James Pinder

Date: 28 July 2018

Scott James Pinder
Scheme Actuary
Fellow of the Institute and Faculty of Actuaries

Willis Towers Watson
51 Lime Street
London
EC3M 7DQ

Appendix

Statement of Investment Principles

The Givaudan UK Pension Plan (DC Section)

June 2016

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1 Introduction

- 1.1 This document constitutes the Statement of Investment Principles ("the Statement") applicable to the Defined Contribution Section of the Givaudan UK Pension Plan ("the Plan"). It has been prepared in accordance with Section 35 of the Pensions Act 1995 ("the Act"). It outlines the principles and policies governing investment decisions made by or on behalf of the Trustees ("the Trustee") of the Plan.
- 1.2 Before preparing this document, the Trustee has consulted the employer and the Trustee will consult the employer before revising this document. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.
- 1.3 In drawing up this document, the Trustee has sought advice from Willis Towers Watson, the Plan's investment consultant ("the Investment Consultant"). The Trustee will review this document where the Trustee considers a review is needed or without delay after any significant change in investment policy (and at least every three years).
- 1.4 Before preparing this document the Trustee has had regard to the requirements of the Act concerning diversification of investments and suitability of investments and the Trustee will consider those requirements on any review of this document or any change in its investment policy.
- 1.5 Before revising the SIP, the Trustee will obtain and consider the written advice of a person or persons who are reasonably believed by the Trustee to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of such schemes.
- 1.6 The Trustee will refer to this document where necessary to ensure that it exercises its powers of investment so as to give effect to the principles set out in it as far as is reasonable.
- 1.7 The Trustee has given consideration to the Pensions Regulator's Code of Practice no.13 concerning the Governance and Administration of Occupational Defined Contribution Pension Schemes, and specifically its recommendations relating to the content of Statements of Investment Principles.
- 1.8 Although responsibility for deciding investment policy lies with the Trustee, individual members are responsible for selecting an investment fund or combination of funds having regard to their own circumstances and attitude to investment risks.
- 1.9 The Trustee has a duty to ensure that the Plan's assets are invested in the best interests of members and beneficiaries. The Trustee's policy for securing that the assets are invested in the best interests of members and beneficiaries is to provide:
 - a An appropriate choice of funds for Plan members to choose from.
 - b A default fund for those Plan members who did not wish to choose their own investment options when they joined or those who do not wish to manage the risks associated with their investments on an ongoing basis.
- 1.10 The purpose of this Statement is to document the Trustee's investment objectives for the Plan and the principles governing how it makes decisions about the investment options made available to members.
- 1.11 Only the Defined Contribution Section (DC Section) of the Plan is considered within this Statement.

2 Investments

Investment objectives

- 2.1 The Trustee's duties are to act in the Members' best interests. One of the Trustee's primary objectives therefore is to make available appropriate investment options to Members of the Plan.
- 2.2 The Trustee believes that Members should make their own investment decisions based on their individual circumstances. The Trustee regards its duty as making available a range of investment options sufficient to enable Members to tailor their investment strategy to their own needs.
- 2.3 The Trustee also recognises that Members may not believe themselves qualified to take investment decisions. As such the Trustee makes available a default option. The default option places the emphasis on aiming to deliver a good level of real return over Members' working lifetimes and also encompasses a switch into asset classes designed to provide some protection against equity market falls as well as fluctuating annuity prices in the years approaching the Member's selected target retirement age.
- 2.4 The Trustees' policy is that the extent to which social, environmental or ethical issues may have a financial impact on the portfolio will be taken into account by the investment manager in the exercise of its delegated duties.

Risk

- 2.5 In determining which investment options to make available, the Trustee, with advice from its Investment Consultant, has considered the investments from a risk and return perspective. Risk can be defined as the uncertainty in the ultimate amount of savings available on retirement as well as the volatility in the member journey. There are a number of factors which contribute to this uncertainty. Some of these factors (such as the amount of contributions paid and the length of time these contributions are invested) cannot be managed by the investment options made available to Members.
- 2.6 The Trustee recognises, however, that the uncertainty inherent in three specific investment risks (inflation, capital and pension conversion) can be managed to a limited extent by the choice of investments. These risks and the Trustee's objective for each risk are considered below

Inflation Risk

Is measured by the expected increase of the price level relative to the investment return

The risk that the investment returns over Members' working lives will not keep pace with inflation. The Trustee's objective is to provide an investment option that is expected to provide a long-term rate of return that exceeds inflation. Such an option would largely consist of equity-based investments.

Capital Risk

Is measured by the expected downside potential of investing in any given asset class.

The risk of a fall in the value of a Member's fund. The Trustee's objective is to provide an investment option that offers a very low risk of capital loss. A 'money market' (cash) fund is an example of such an option.

Pension Conversion risk

Is measured by the member comparing their personal objectives with that of the chosen investment.

The risk that the value of a Member's account does not reflect the change in the cost of their chosen at retirement action (e.g. purchasing an annuity at retirement).

The Trustee's objective is to provide an investment option that broadly matches the change in the cost of annuities, such as a long-dated fixed interest or index-linked fund, as well as a choice of other funds that would allow a member to structure their portfolio relative to alternative means of taking retirement benefits (e.g. a cash fund).

Trade-off between risks

- 2.7 The relative importance of inflation, capital and pension conversion risk depends on the length of time to retirement and each member's attitude to risk and expected return. It is recognised that the control of one of the aspects of risk is often at the expense of another. For example, investing in a cash deposit fund will give protection against a decrease in fund values, but will increase the risk of ending up with insufficient funds at retirement.

Members have the potential benefit of good investment performance of their funds; equally they assume the risk of potential poor investment performance.

Whilst the Trustee has made available investment options based upon the general principles detailed above, there is no guarantee that the investment option or options chosen will cover the risks to which members are exposed.

Individual circumstances such as attitude to risk and planned retirement age can vary considerably. To assist members the Trustee provides some general guidelines on the options available, but they also highlight these issues in member communications from time to time. However the Trustee believes that it is ultimately the member's personal responsibility to take ownership of the management of such issues.

Liquidity and realisation of investments

- 2.8 Assets are held in Underlying Funds under the policy which can be realised to provide benefits when a member makes a valid request to withdraw them, or earlier on transfer to another pension arrangement.

3 Investment Funds & the Default Option

- 3.1 The Trustee offers investment options through the investment manager, Legal & General ("L&G" / "the Investment Manager").
- 3.2 While no single option will be sufficient to manage all of the various risks associated with Defined Contribution investment, as described in Section 4, the range is designed to be wide enough to enable individuals to manage the risks identified as they become relevant, according to each member's individual assessment of these risks.

The Plan's investment options and the Investment Manager's stated aims for each option are detailed below.

L&G Global equity Fixed weights (50:50) Index Fund

The Fund aims to capture the sterling total returns of the UK and overseas equity markets as represented by the FTSE All-Share Index in the UK and appropriate subdivisions of the FTSE World Index overseas, with fixed asset allocation between the UK (50%) and overseas (50%).

L&G Cash Fund

The Fund aims to provide capital protection with growth at short term interest rates. The fund invests in the short term money markets such as bank deposits and Treasury Bills. The fund invests in asset types where there is a lower risk that the capital value can fall, such as fixed interest securities.

L&G over 5 year Index-linked Gilts Index Fund

The Fund aims to track the sterling total returns of the FTSE A Index-linked (Over 5 Year) Index (including re-invested income).

L&G over 15 year Gilts Index Fund

The Fund aims to track the sterling total returns of the FTSE A Government (Over 15 Year) Index.

- 3.3 The Trustee believes that the funds offered provide an appropriate choice of different investment funds, asset classes and levels of investment risk to broadly cater for the needs of the Plan's membership, taking account of the risks and Trustee objectives highlighted above.

The Default Option

- 3.4 The Trustee recognises that not all members will be comfortable in managing the risks associated with their investment portfolio. In view of this, Trustee offers members a Lifestyle investment option constructed using the funds outlined above.
- 3.5 The lifestyle investment option automatically switches a member's assets from higher risk assets to lower risk assets on the approach to retirement. The switching commences ten years prior to a member's selected retirement age and is designed to protect against falls in value that may impact members' ability to secure their retirement benefits, whilst seeking to achieve returns above charges and inflation during the prior years of investment.

3.6 The switching matrix for the Default Option is shown below:

Years to TRA	L&G Cash Fund	L&G over 5 year Index-linked Gilts Index Fund	L&G over 15 year Gilts Index Fund	L&G Global equity Fixed weights (50:50) Index Fund
10				100.0
9		5.0	5.0	90.0
8		10.0	10.0	80.0
7		15.0	15.0	70.0
6		20.0	20.0	60.0
5		25.0	25.0	50.0
4	5.0	27.5	27.5	40.0
3	10.0	30.0	30.0	30.0
2	15.0	32.5	32.5	20.0
1	20.0	35.0	35.0	10.0
TRA	25.0	37.5	37.5	

3.7 The Lifestyle option is also the Plan's Default Option – members who did not make an active investment choice when joining the Plan will be invested in the default option.

3.8 The Members have the option to invest their contributions into any of the funds listed above in any proportions if they do not wish to use the default option.

3.9 The Trustee believes that offering a lifestyle investment option, in addition to the individual funds, provides members with additional flexibility to structure their investments according to their personal circumstances.

3.10 The Trustee believes that this broadly reflects the needs of Defined Contribution pension investors and in particular some of the risks that they are exposed to given the objective of providing retirement benefits.

- In designing the default option, the Trustee has explicitly considered the trade-off between risk and expected return.
- Assets in the default option are invested in the best interests of Members and beneficiaries, taking into account the profile of the membership as a whole.
- Assets in the default option 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 in regulated markets (those that are not must be kept to prudent levels).

4 Monitoring Investment Arrangements

Review of the SIP

- 4.1 The Trustee will review this document where the Trustee considers a review is needed or without delay after any significant change in investment policy (but at least every three years). Such a review and reasons for a review shall take into account:
- significant revisions to the expected long-term trade-off between risk and reward on key asset classes;
 - changes in the regulations for the taking of benefits at retirement;
 - a major development in the investment products available;
 - changes to the managers used;
 - shortcomings of the Statement that emerge in its practical application;
 - applicable changes in legislation;
 - under performance by the investment managers.

Monitoring the Default Option, individual funds and the Investment Manager

- 4.2 The appointment of Investment Manager(s) will be reviewed by the Trustee from time to time, based on the results of their monitoring process. The Trustee will seek to hold meetings with the Investment Manager to discuss their performance, as appropriate. Any decisions taken in respect of the Investment Manager's continued appropriateness will be taken in light of advice from the Investment Consultant.
- 4.3 The Trustee, in conjunction with the Investment Consultant, will review the characteristics and net performance of the Default Fund on a regular basis to ensure alignment with the best interests of members and beneficiaries.
- 4.4 The Trustee will undertake a formal review of the default option at least every three years, or earlier if there is a significant change to the DC section, governing regulations, or to the profile of the Plan's membership.
- 4.5 The Trustee holds meetings at appropriate intervals with the investment managers to satisfy themselves that the investment managers continue to carry out their work competently and have the appropriate knowledge and experience to manage the investments of the Plan.
- 4.6 The Trustee seeks ongoing advice from the Investment Consultant with regards to the performance and suitability of the Plan's investments, in accordance with the requirements of relevant legislation and the Pensions Regulator's Defined Contribution Code of Practice.
- 4.7 The Trustee seeks to offer an appropriate balance of different kinds of investment fund, including exposure to asset classes deemed appropriate for Defined Contribution investment. The Trustee seeks ongoing advice from the Investment Consultant in this regard as part of the ongoing monitoring of the Plan's fund options.

5 Division of Responsibility

Trustees

5.1 The Trustee is responsible for:

- a Reviewing the content of this Statement of Investment Principles and for modifying it if deemed appropriate, in consultation with the Employer and the Investment Consultant.
- b Assessing the quality of the performance and processes of the Investment Manager(s) by means of regular, but not less than annual, reviews of the investment results and other information, in consultation with the Investment Consultant.
- c Appointing (and, when necessary, dismissing) investment managers and consultants.
- d Monitoring compliance of the investment arrangements with this Statement on an ongoing basis.
- e Introducing (and replacing) investment funds when appropriate.
- f Consulting with the employer when reviewing investment policy issues.

Investment Manager(s)

5.2 The Investment Manager(s) will be responsible for:

- a At their discretion, but within any guidelines given by the Trustee, implementing changes in the asset mix and selecting securities within each asset class.
- b The safekeeping of all the assets of the Plan entrusted to them.
- c Providing the Trustee with statements of the assets along with a regular report on actions, future intentions and any changes to the processes applied to their portfolios.
- d Having regard to the need for diversification of investments so far as appropriate and to suitability of the underlying investments.
- e Giving effect to the principles contained in this Statement as far as reasonably practicable.
- f It is the responsibility of the investment managers within each Underlying Fund to exercise rights (including voting rights) attaching to investments held within their fund.
- g The Trustee periodically reviews reports from investment managers to ensure that the policies outlined above are being met.
- h L&G operates a stock-lending programme in selective pooled funds of overseas equity markets. For the funds where stock lending is permitted, it is subject to strict parameters and stock lending is only undertaken with counterparties who have satisfied L&G's requirements, both in terms of market capability and minimum credit standing. L&G regularly review the stock-lending programme to ensure custodians perform to their stated standards. The outcome of the stock-lending programme can be seen through the tracking error, which is captured as part of L&G's regular monitoring reports. L&G will report on their stock lending activities through the regular reporting.

Investment consultant

5.3 The Investment Consultant's responsibilities include:

- a Participating with the Trustee in ongoing reviews of this Statement of Investment Principles.
- b Advising the Trustee as requested on:
 - how any changes in the Investment Managers' organisations could affect the interests of the Plan.
 - how changes in the investment environment might present opportunities or challenges for the Plan.
 - how any changes in regulations and/or laws could affect the interests of the Plan.
 - the formulation of an efficient governance structure.
- c Undertaking project work as requested including:
 - reviews of asset allocation policy
 - reviews of the most appropriate investment structure with which to action the Trustees' investment objectives
 - reviews of investment managers.
- d Advising on the selection of new managers.
- e Assisting in relevant trustee education/training.
- f General advice in respect of the Plan's investment activities.

Reporting to members

The Trustee will make the SIP available to members on request.