

## **Givaudan UK Pension Plan (“the Plan”)**

### **Statement of Investment Principles for the Plan (“the Statement”)**

#### **Scope of Statement**

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

The effective date of this Statement is 25 February 2021. The Trustees will review this Statement and the Plan's investment strategy no later than three years after the effective date of this Statement and without delay after any significant change in investment policy.

#### **Consultations Made**

The Trustees have consulted with the principal employer, Givaudan UK Limited (“the Employer”), prior to writing this Statement and will take the Employer's comments into account when they believe it is appropriate to do so. This Statement includes changes made to the investment strategy that were initially presented by the principal employer and have now been agreed by the Trustees.

The Trustees are responsible for the investment strategy of the Givaudan UK Pension Plan. The Trustees have obtained written advice on the investment strategy appropriate for the Plan and on the preparation of this Statement. This advice was provided by Aon Solutions UK Limited who are authorised and regulated by the Financial Conduct Authority.

A copy of this Statement is available to the members of the Plan and is available on-line via a publicly accessible website.

#### **Strategy**

In February 2020 the Trustees purchased a bulk annuity policy from Aviva, which insures the members' liabilities. Aviva pays the Plan an amount equal to the pension payment of the members underlying the policy. This insurance contract is an asset of the Plan and the pension liability remains within the Plan. With the exception of cash (or cash-like/liquidity fund) balances, and additional voluntary contributions, this is the sole asset of the Plan.

#### **Choosing Investments**

The types of investments held and the balance between them is determined according to what is deemed appropriate given the liability profile of the Plan, its cashflow requirements, the funding level of the Plan and the Trustees' objectives.

The assets of the Plan are invested in the best interests of the members and beneficiaries.

The Trustees exercise their powers of investment in a manner calculated to ensure the security, quality and liquidity of the portfolio as a whole. Diversification has been considered by the Trustees as appropriate.

Having taken advice, which covered the requirements of Section 36 of the Pensions Act 1995 (as amended), from their advisors prior to entering into the bulk annuity policy, the Trustees believe that by investing in a policy of this nature they will achieve their investment objectives with a minimal level of risk.

### **Investment Risk Measurement and Management**

As the Plan's sole asset, excluding cash, is a bulk annuity policy with Aviva, the Plan is exposed to risk of the insurer defaulting. The Trustees considered the credit strength of the insurer as part of their due diligence process. Having considered this, in addition to a number of factors such as the regulatory environment and other protections available (e.g. the Financial Services Compensation Scheme), the Trustees considered the bulk annuity policy to be an appropriate investment for the Plan.

### **Arrangements with Asset Managers**

All of the Plan's assets are invested with Aviva in the form of a bulk annuity policy, with the exception of any excess cash and Additional Voluntary Contributions. The aim of the bulk annuity policy is to wholly insure the benefits of all members of the Plan.

Given the nature of the agreement with Aviva, the Trustees believe they have limited ability to incentivise Aviva to align its investment strategy and decisions with the Trustees' policies in relation to stewardship, corporate governance and responsible investment.

Given the long term nature of the Plan's sole investment and the bulk annuity policy the Trustees believe that Aviva is appropriately incentivised to make decisions relating to the medium and long term financial and non financial factors which may influence performance.

Should the Trustees be provided with any opportunity which they deem appropriate to incentivise their managers in relation to these areas they will consider this and will take steps as they deem appropriate.

### **Costs and Performance**

Given the nature of a bulk annuity policy and that they do not directly remunerate Aviva, the Trustees do not believe it is appropriate to monitor the performance of their insurer.

The Trustees are aware of the importance of monitoring their investment managers' total costs and the impact these costs can have on the overall value of the Plan's assets. Given the nature of a bulk annuity policy, the Trustees do not believe that it is appropriate to monitor portfolio turnover and the associated costs.

There is typically no set duration for arrangements with investment managers, although the continued appointment all for investment managers will be reviewed should the Trustees believe this to be necessary.

### **Investment Advisors**

The Trustees' investment advisers are paid for advice received on the basis of the time spent by the adviser. For significant areas of advice (e.g. one off special jobs, or large jobs, such as asset and liability modelling), the Trustees will endeavour to agree a project budget. These arrangements recognise the bespoke nature of the advice given and that no investment decisions have been delegated to the adviser.

## **Environmental, Social and Governance considerations Stewardship - voting and engagement**

The Trustees' primary concern when setting the investment strategy is to act in the best financial interests of the beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustees believe that, in order to fulfil this commitment and to protect and enhance the value of the Plan's investments, they must act as responsible stewards of the investments.

The Trustees acknowledge that financially material considerations include environmental, social and corporate governance (ESG) factors, such as climate change. Understanding these factors can help identify investment opportunities and financially material risks.

The Trustees also recognise the importance of their role as a steward of capital, promoting corporate responsibility and ensuring the highest standards of governance.

However, given the nature of the agreement with Aviva, the Trustees believe they have limited ability to incentivise Aviva to align its investment strategy and decisions with the Trustees' policies in relation to stewardship, corporate governance and responsible investment.

### **Members' views and non-financial factors**

The Trustees do not explicitly take the views of members and beneficiaries of the Plan into account in relation to ESG factors or the present and future quality of life of the members and beneficiaries of the Plan (defined as 'non-financial factors' in the 2018 Regulations). The Trustees will review this policy on a regular basis.

### **Additional Voluntary Contributions ("AVC") Arrangements**

Some members have secured further benefits by paying AVC to the Plan. The liabilities in respect of these AVC are equal to the value of the investments bought by the contributions. The AVC providers are: Legal & General Investment Management, Clerical Medical Investment Group Limited and Utmost Life and Pensions. These arrangements are closed to both new members and contributions.

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

**For and on behalf of the Trustees of the Givaudan UK Pension Plan**