Statement of Investment Policy Principles for the Wavin Ireland Pension Scheme

1. Introduction

1.1. This document contains the Statement of Investment Policy Principles (the "SIPP") for the Wavin Ireland Pension Scheme (the "Scheme").

1.2. Wavin Ireland Ltd is the Sponsoring Employer (the "Sponsoring Employer"). The Trustees recognise that the support of the Sponsoring Employer is in the best interest of Scheme members and will therefore take into account, but not be bound by, the wishes of the Sponsoring Employer in formulating investment policy.

1.3. It is the intention of the Trustees to review this document at least once a year, or sooner following any change in investment policy to ensure that the investment policy principles of the Trustees comply with requirements under the Pension Act 1990 and associated Regulations.

1.4. The Trustees are responsible for setting general investment policy but will draw on the skills and expertise of external advisors including investment consultants, actuaries and investment managers.

2. Investment objectives

2.1. The investment objectives of the Scheme can be summarised as follows:

a. The acquisition of suitable assets which, together with any new contributions, can generate income and capital growth to meet the liabilities of the Scheme while simultaneously ensuring that appropriate liquidity is maintained.

b. To maintain an acceptable level of risk of the assets failing to meet liabilities at the end of the Funding Proposal term and to maintain an acceptable level of volatility of various measures of the funding level, in particular the Minimum Funding Standard.

c. To generate a return on assets that will help stabilise and minimise the long-term costs of the Scheme.

d. To pursue a 'Journey Plan' as set out in the Funding Proposal which, using the Minimum Funding Standard measure of liabilities, provides for the achievement of a funding level of 100% by 31 December 2023.

3. Investment risk measurements methods

3.1. The Trustees consider it appropriate to measure, monitor and manage the investment risks in two principal areas:

a. The funding level (i.e. the value of liabilities compared to the value of assets). This will include monitoring the progress of the funding level experienced compared to the expected 'Journey Plan' set out in the Funding Proposal.

b. Manager risks.

Funding level risks

3.2. The Trustees have adopted a "Value at Risk" (VaR) measurement of the level of expected investment risk being taken in relation to how the funding level might deteriorate as a result of the investment strategy being pursued. The Trustees understand VaR95 to represent a quantitative estimate of the minimum fall in the funding level one might expect to occur with a probability of 5% or in a 1-in-20 scenario in pursuing a given investment strategy. It is the intention of the Trustees to monitor the risk exposure by revisiting the VaR calculations.

The calculation of VaR is based on an investment model and assumptions provided by the investment advisors and these assumptions are reviewed on a regular basis.

3.3. Deviation relative to the 'Journey Plan' is expected. This will be monitored on a quarterly basis as part of a written report produced by the Investment Consultant. De-risking will be considered if the experienced 'Journey Plan' is materially ahead of that expected and if the Scheme Actuary agrees that the Funding Proposal is still expected to remain on track if the revised investment strategy is implemented. Additionally, appropriate action will be taken if the experienced 'Journey Plan' is materially behind expectation.

Manager risks

3.4. Manager risk refers to the risk of the Plan's investment managers underperforming their respective benchmarks.

4. Investment risk management processes

The Trustees have established the following risk management processes:

4.1. The Trustees monitor the funding level risk by assessing VaR calculations on at least an annual basis and by monitoring this statistic against the agreed risk appetite range.

4.2. The Trustees monitor the asset allocation on a quarterly basis to ensure that it is consistent with the Scheme's strategic asset allocation.

4.3. The Trustees reduce manager risk by predominantly using passive or low risk active management, by monitoring the performance of the underlying funds versus the relevant benchmark on a quarterly basis and over the longer-term and by ensuring that any deviation of the performance from that of the benchmark is within acceptable limits for the mandate involved.

4.4. The Trustees also monitor the investment managers from a qualitative point of view. A quarterly report is prepared for the Trustees by the Investment Consultant, who is also engaged to proactively advise of any significant developments affecting their view on the capabilities of the underlying investment managers and mandates.

4.5. The Trustees, using a quarterly investment report, monitor the degree to which there is an investment in assets denominated in foreign currencies, illiquid assets and any one security to such an extent that the diversity of the Scheme's assets is materially reduced.

5. Strategic asset allocation

5.1. The strategic asset allocation of the Scheme is driven by the financial characteristics of the liabilities of the Scheme (in particular the nature and duration of the liabilities) and the risk tolerance of the Trustees and the Sponsoring Employer.

5.2. In determining the strategic asset allocation, the Trustees considered many factors including:

- The investment strategy assumed in the actuarial projections that form part of the Funding Proposal;
- The expected 'Journey Plan' as set out in the Funding Proposal to achieve 100% funding using the Minimum Funding Standard measure of the liabilities;
- The target rate of return and risk tolerance level;
- The need for appropriate diversification and liquidity; and

- The level of hedging in place to reduce interest rate and inflation risk.

There is a Funding Proposal in place that assumes de-risking to 75% bonds / 25% growth asset by the end of 2023. The asset allocation set out in the appendix applies as of September 2020. The strategic asset allocation is expected to evolve through time to broadly align with the asset allocation assumed in the Funding Proposal. However actual allocations may differ from the funding Proposal "target" allocations from time to time to reflect market movements, short to medium term tactical views and other related factors. The asset allocation is monitored on a quarterly basis using a report prepared by the Trustees' Investment Consultant.

The Trustees ensure, through assessing the suitability of the pooled funds used and through reviewing the strategic asset allocation as described above, that the Scheme's assets:

- Are invested in a manner designed to ensure the security, quality, liquidity and profitability of the portfolio as a whole and as is appropriate having regard to the nature and duration of the expected liabilities of the Scheme;
- Are predominantly invested on regulated markets;
- Are properly diversified in such a way as to avoid excess reliance on any particular asset, issuer or group of undertakings and in order to avoid accumulations of risk in the portfolio as a whole; and
- Include use of derivative instruments only in so far as they contribute to a reduction in investment risks or facilitate efficient portfolio management.

6. Sustainable Investment

6.1. The Trustees recognise the importance of considering environmental, social and governance ("ESG") related factors in determining investment policy for the Scheme. Such considerations will be incorporated within the investment governance framework to the extent that any actions arising therefrom are consistent with the primary objective of the Scheme, namely ensuring that it can meet its long-term obligations to members.

6.2. The Trustees may ultimately delegate, in whole or in part, any activities associated with the integration of ESG principles into the portfolio construction process and /or the setting of the strategic asset allocation.

6.3. It is the Trustees' intention to undertake the following actions in relation to ESG:

a. Monitor the activities of its investment managers on a regular basis

b. Take advice from the Scheme's Investment Consultant regarding industry best practice in terms of stewardship, namely exercising of voting rights and engagement, with a view to being suitably equipped to assess the activities of the Scheme's investment managers in this area.

6.4. The Trustees are committed to ensuring that the Scheme is an active, long-term asset owner and are also conscious of, but will not be bound by, the wishes of other stakeholders, such as the Sponsoring Employer, in this regard

7. Arrangements with Investment Managers

7.1. The Trustees are not involved in the investment managers' day-to-day method of operation and do not directly seek to influence attainment of their performance targets. The Trustees will maintain processes to ensure that performance is assessed on a regular basis against a measurable objective for each fund, consistent with the achievement of the Scheme's long-term objectives, and an acceptable level of risk.

7.2. Alignment between an investment manager's management of the Scheme's assets and the Trustees' policies and objectives are a fundamental part of the appointment process of a new manager. Before investing, the Trustees will seek to understand the manager's approach to sustainable investment (including engagement). When investing in a pooled investment vehicle, the Trustees will ensure the investment objectives and guidelines of the vehicle are consistent with their own objectives.

7.3. Should the Trustees monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustees will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustees that the degree of alignment remains unsatisfactory, the manager may be terminated and replaced.

7.4. For most of the Scheme's investments, the Trustees expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods.

7.5. The Trustees appoint their investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustees would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

7.6. Managers are generally paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.

7.7. The Trustees review the costs incurred in managing the Scheme's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustees will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

This statement has last been updated in December 2020

Signed on behalf of the Trustees by (name and signature)

.... PETER FAHY ....
(CHAIR)

Appendix- Investment Strategy

The current asset allocation is set out below:

Asset class	Current asset allocation %
Growth assets	**32.6**
Global equities (50% currency hedged)	21.9
Diversifying strategies	10.7
Defensive assets	**67.2**
Matching bonds	67.2
Cash	0.2

The asset allocation may be adjusted by the Trustees within the ranges below:

Asset class	Lower limit %	Upper limit %
Growth assets	**24.0**	**39.0**
Global equities (50% currency hedged)	12.5	22.5
Diversifying strategies	11.5	26.5
Defensive assets	**61.0**	**76.0**
Matching bonds	61.0	71.0
Cash	0.0	5.0