

CH Johnson Pension Plan

Side letter to the Statement of Investment Principles (“SIP”)

Purpose of this Statement

This side letter has been prepared by the Trustees of the CH Johnson Pension Plan (the “Plan”) to sit alongside the SIP dated November 2017 and subsequent side letter signed October 2019.

The Trustees have the following policies in relation to the investment management arrangements for the Plan:

Investment managers incentives

As the Plan is invested in pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustees’ policies. However, the Trustees invest in a portfolio of pooled funds that are aligned to the strategic objective.

The Trustees review the investment managers’ performance relative to medium and long-term objectives as documented in the investment management agreements. The Trustees monitor the investment managers’ engagement and voting activity on an annual basis as part of their ESG monitoring process.

Investment managers evaluation

The Trustees review the performance of all the Plan’s investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. The Trustees evaluate performance over the time period stated in the investment managers’ performance objective, which is typically 3 to 5 years. The Trustees do not incentivise the investment managers to make decisions based on non-financial performance.

Portfolio turnover costs

The Trustees review the performance of all of the Plan’s investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. The Trustees do not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.

Scheme’s arrangements

The duration of the arrangements is considered in the context of the type of fund the Plan invests in.

- For closed ended funds or funds with a lock-in period the Trustees ensure the timeframe of the investment or lock-in is in line with the Trustees objectives and Plan’s liquidity requirements.
- For open ended funds, the duration is flexible and the Trustees will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.