

Statement of Investment Principles MARCH 2025, 9TH EDITION

NORBS - NORGINE RETIREMENT BENEFITS SCHEME

1. Introduction

The Trustees of the Norgine Retirement Benefits Scheme (“the Scheme”) have drawn up this Statement of Investment Principles (“the Statement”) to comply with the requirements of the 1995 Pensions Act (“the Act”), the Occupation Pension Schemes (Investment) Regulations 2005 (as amended) and subsequent legislation. The Statement is intended to affirm the investment principles that govern decisions about the Scheme’s investments. The Trustees’ investment responsibilities are governed by the Scheme’s Trust Deed and Rules, of which this Statement takes full regard.

In preparing this Statement, the Trustees have consulted a suitably qualified person by obtaining written advice from its Investment Adviser. In addition, consultation has been undertaken with the Principal Employer, Norgine Limited (“the Company”).

The defined contribution (DC) section of the Scheme was wound up in December 2014, and consequently the Scheme is solely a Defined Benefit (DB) Scheme.

2. Overall Policy, Investment Objectives and Risk

2.1. Investment Objectives

To guide them in their strategic management of the assets and control of the various risks to which the Scheme is exposed, the Trustees have considered their objectives and adopted the following:

- The Trustees consider that its broad objective is to invest the Scheme’s assets in such a manner that members’ entitlements can be paid when they fall due. As a key step to achieving this, the Trustees, following consultation with the Company, entered into a bulk purchase annuity policy issued by Canada Life Limited (Canada Life”) in March 2024. Canada Life is authorised by the Prudential Regulation Authority to write policies of long term life insurance of this nature in the UK.

The Scheme’s principal asset is the bulk annuity policy with Canada Life. As a result, all of the Scheme’s assets are represented by this policy with the exception of Additional Voluntary Contribution policies.

Future benefits payable from the Scheme prior to buy-out will be funded by the bulk annuity policy.

2.2. Risk

There are various risks to which any pension scheme is exposed. The Trustees consider the following risks to be relevant to their situation in relation to the Scheme’s investments:

- Counterparty risk. The principal risk facing the Trustees and Scheme members is that Canada Life may default on its obligations under the bulk annuity policy. Before entering into the bulk annuity policy, the Trustees obtained and carefully considered professional advice regarding the suitability of Canada Life as a provider. In addition the Trustees are aware of the regulatory oversight, and, ultimately the protection offered to members by the Financial Services Compensation Scheme (“FSCS”).

- Liquidity risk. Measured by the level of cashflow required by the Scheme over a specific period, the Trustees do not expect to be able to obtain cash from the bulk annuity policy other than in respect of benefits insured with Canada Life. Prior to purchasing the policy, the Trustees satisfied themselves that all known members' benefits would be insured in full. Under the terms of the policies, a post transaction period of data cleansing is being undertaken between the Scheme administrator and Canada Life.
- Lack of diversification. The Trustees recognise that the decision to invest in a bulk annuity policy with a single provider, whilst reducing operational risks and complexity, represents a concentration of investment risk. However, after careful scrutiny of the provider prior to transaction, the Trustees are satisfied that the degree of risk taken is acceptable.
- The Trustees continue to monitor these risks.

2.3. Investment Strategy

The Trustees have set the strategy taking into account the Scheme's current liability profile, the aforementioned risks and advice from their advisors.

Following sustained strong funding progression of the Scheme, taking into consideration the interest of the beneficiaries and the views of the Company, the Trustees went to market to source quotations from insurers for a bulk purchase policy, covering all members of the Scheme. The Trustees secured terms with Canada Life and entered into a bulk purchase annuity policy in March 2024.

The majority of the Scheme's assets are represented by this policy, although there are residual excess assets which remain invested in the Standard Life Deposit and Treasury Pension Fund, Money Market Fund. The primary aim of the fund is to maintain capital and provide returns before charges in line with short term money market rates by investing in deposits and short term money market instruments. In addition to the bulk purchase annuity policy and the Money Market Fund, an ongoing cash balance is held in the Trustee Bank Account. This is used to help meet ongoing expenses and any imminent member payments/adjustments.

3. Day to Day Management of the Assets

The Trustees have appointed Canada Life as their annuity provider having obtained and considered the relevant written advice from their investment advisor, and legal advice in relation to the bulk annuity contract from their legal advisor, who the Trustees consider to be suitably qualified to provide such advice.

In this context, relevant investment advice relates to that provided in accordance with the requirements of Section 36 of the Pensions Act 1995 (as amended).

4. Other Assets

The majority of the Scheme's assets are represented by the bulk annuity policy with Canada Life although there are residual excess assets which remain invested in the Standard Life Deposit and Treasury Pension Fund, Money Market Fund.

The Trustees also retain some investment policies for a small number of members' previous Additional Voluntary Contributions. The Trustees will keep these contracts under review from time to time.

5. Realisation of Investments

The Scheme's principal asset is the bulk annuity policy with Canada Life. As a result, the majority of the Scheme's assets are represented by this policy, although as noted above there are residual excess assets which remain invested in a Money Market Fund, as well as some investment policies for a small number of members' previous Additional Voluntary Contributions.

Future member benefits payable from the Scheme will be funded by the bulk annuity policy.

6. Responsible Investment and Corporate Governance

The Trustees believe that good stewardship and environmental, social and governance ("ESG") issues may have a material impact on investment returns. The Trustees also recognise that long term sustainability issues, particularly, but not limited to, climate change, present risks and opportunities that increasingly may require explicit consideration.

The Scheme now mainly invests in the bulk annuity policy with Canada Life, and in relation to this investment the Trustees recognise that Canada Life has full discretion when evaluating ESG issues, exercising rights and stewardship obligations attached to the Scheme's investments, including engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure and management of actual or potential conflicts of interest and risks. In addition, Canada Life has full discretion when deciding on the degree to which the above are integrated into their investment processes. The Trustees are satisfied this corresponds with their responsibilities to the beneficiaries.

The Trustees do not monitor or engage directly with issuers or other holders of debt or equity. It expects Canada Life to exercise ownership rights and undertake monitoring and engagement in line with Canada Life's general policies on stewardship, as provided to the Trustees from time to time, considering the long-term financial interests of the beneficiaries.

The Fund's residual assets are invested in a multi-client pooled vehicle and the day-to-day management of the assets has been delegated to the investment manager including the selection, retention and realisation of investments within their mandate. In doing so, the Trustees have given the investment manager (where relevant to their mandate) full discretion when evaluating ESG issues, including climate change considerations. In addition they have delegated to the investment manager engagement with companies and stewardship obligations attached to the Fund's investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and the UK Stewardship Code.

Notwithstanding the above, the Trustee accepts that the primary role of its investment manager is to deliver returns in line with money market rates and believe this approach is in line with the basis on which the current strategy has been set.

The Trustees consider, amongst other factors, how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers, monitoring existing investment managers and retaining or withdrawing from investment managers. The relative importance of these factors compared to other factors will depend on the asset class being considered. Monitoring of existing managers is undertaken on a regular basis and this makes use of the Investment Consultant's ESG ratings.

The Trustee has not set any investment restrictions on the appointed investment manager in relation to particular products or activities but may consider this in the future.

7. Non-Financial Matters

The Trustees seek the views of members and beneficiaries of the Scheme, where applicable, and will ensure that those views are shared with the Joint Investment Committee before investment decisions are made.

8. Compliance with this Statement

The Trustees will review this Statement annually, or more frequently if there is a change in the policy on any of the areas covered by the Statement.

9. Review of this Statement

The Trustees will review this Statement in response to any material changes to any aspect of the Scheme, its liabilities, finances and the attitude to risk of the Trustees and the Company which they judge to have a bearing on the stated Investment Policy. As part of the review, the Trustees will take expert investment advice and consult the Company.

Signed for and on behalf of the Trustees of the Norgine Retirement Benefits Scheme.



Date:

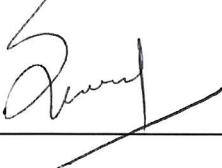
2/4/25



Date:

2 April 2025.

Signed for and on behalf of Norgine Limited.



Date:

2/4/25