Special Metals Wiggin Trustees Limited (company number 3290825) as Trustee of the

Special Metals Wiggin Pension Plan

Statement of Investment Principles

Revised and Adopted September 2020

Contents

Section 1:

Introduction

The **Statement of Investment Principles** (the "Statement") sets out the principles, beliefs, and policies adopted by the Special Metals Wiggin Pension Plan Trustee Directors (the "Trustee Directors") in investing the assets of the **Special Metals Wiggin Pension Plan** (the "Plan"), taking into account the requirements of the Pensions Act 1995 ("the Pensions Act"), the Occupational Pension Schemes (Investment) Regulations 2005, and other relevant legislation and regulatory guidance.

The Statement is available to members via the public website of Special Metals Wiggin Ltd. (the "Company"), and upon request to the Trustee Directors. It will be reviewed at least once every three years or after any significant change in investment policy.

The funding objective is to have sufficient funds to pay benefits to the eligible members of the Plan as they fall due, and the Trustee Directors aim to achieve and maintain the required level of funding by adopting a suitable and risk-controlled investment strategy. The Trustee Directors will ensure that any investment strategy is designed to help meet these liabilities, whilst also looking over the long-term to further improve the Plan's funding position. Such an improvement will serve to enhance the security of members' benefits and the sustainability of the Plan.

The Trustee Directors will take into account the future contributions due to the Plan and the ability and willingness of the Company to support or increase these contributions when setting their investment objectives. The Trustee Directors will look to manage the risk inherent in achieving their investment objectives, both directly and through the appointment of their chosen investment managers (the "Investment Manager" or "Investment Managers").

It is intended that this Statement be sufficiently specific to be meaningful, but adequately flexible as to be practical. The intention is not to outline detailed guidelines for the Plan's investment managers but rather to state the general philosophy, risk appetite, and policies of the Trustee Directors that will shape the governance of the Plan as a whole.

Section 2:

Governance

The Plan is governed by its Trust Deed and Rules, which set out the benefits in detail and specify the Trustee Directors' investment powers. The Plan's assets are invested in the best interest of the Trust's members and beneficiaries. The Trustee Directors have consulted with the Company, their investment consultant, and Plan Actuary in preparing and revising this statement. The Trustee Directors will meet regularly to review the status of Plan Assets and to receive updates on current issues. Trustee Directors meetings shall be conducted in a manner to foster effective decision-making. The Trustee Directors shall utilize written and on-line materials as well as in-person training to educate themselves with respect to managing external advisors, making effective decisions, and pension legal principals, including conflicts of interest.

Identification of Investment Responsibilities

Trustee Directors

The Trustee Directors have fiduciary responsibility for selecting and monitoring Plan investments. Their specific responsibilities include:

(a) Identifying the Plan's risk tolerance level and formulating an appropriate and efficient investment policy which best serves the interests of the members;

(b) Delegating the management of Plan investments to investment managers. The Trustee Directors recognize that their role is supervisory – not investment advisory;

(c) Monitoring and evaluating performance results to ensure that all guidelines are being adhered to and objectives are being met;

(d) Making any necessary changes in the investments, investment managers, consultants, and others that provide services to the Plan relating to the investment of assets; and

(e) Regularly reviewing this Statement, which they may amend or restate at any time at their discretion and in consultation with the Company.

Company

The Company contributes to the Plan but is generally not responsible for Plan investments. However, the Trustee Directors recognize that the Company's continued financial support for the Plan is of utmost importance in serving the best interests of members. Therefore the principles outlined in this Statement are not shaped by the objectives of the Trustee Directors in isolation but also by an understanding of the objectives (financial or otherwise) of the Company.

Investment Consultant

The Trustee Directors have appointed Vantage Consulting Group, Inc. as their Investment Consultant (the "Consultant" or "Vantage") whose role is to advise on overall investment strategy and manager arrangements upon Trustee Director approval. Vantage is a pension consultant that has been registered with the U.S. Securities and Exchange Commission as a registered investment adviser since 1985. The Trustee Directors rely on Vantage regarding the management of the Plan's investments and believe Vantage have the appropriate knowledge and experience to ensure the Plan's investments are managed in a prudent manner and in compliance with the provisions of this Statement.

Within its remit, Vantage's services will include, without limitation:

(a) Providing strategic investment review, taking into account the liability profile of the Plan and funding position, leading to recommendations on strategic asset allocation and investment management structure for the Plan;

(b) Advising the Trustee Directors on investment strategy and risk management related to forming and maintaining a current Statement of Investment Principles;

(c) Advising Trustee Directors with respect to the selection and review of investment managers and/or investment funds;

(d) Providing performance monitoring of investment managers and/or investment funds including monthly investment reports; and,

(e) Advising the Trustee Directors on selecting appropriate benchmarks, taking into account the asset allocation of the Plan and the Trustee Directors' objectives.

The Investment Consultant's objective is to enable the Plan to meet its obligations to members as they fall due by providing an investment discipline designed to achieve the required rate of return while managing investment risk. This objective will be met through the design and implementation of a well-diversified portfolio of investment strategies that can provide asset growth in excess of the liability discount rate with low volatility – the absolute return approach. The target rate of return for the absolute return portfolio is 5-7% per annum with a standard deviation (risk) of less than 7%. In meeting these targets, the investment portfolio is expected to maintain ample liquidity to meet benefit payments and other Plan obligations.

The Investment Consultant will be evaluated regularly by the Trustee Directors with respect to the services provided to include: availability, achieving timelines, effective communication, appropriateness of advice, innovation, accuracy of reporting, professionalism, coordination of other service providers, value for money, and relationship with the Trustee Directors. The Trustee Directors recognize that pension investing is a long-term objective and results for investment managers, and the total portfolio should be considered over a market cycle. The Trustee Directors will consider the absolute level of return, risk, and the risk-adjusted results of the pension portfolio over rolling periods of 1 to 5 years. The level of portfolio diversification will also be evaluated regularly by looking at the co-variance of the investment strategies and the sensitivity of the portfolio to market risk. As directed by the Trustee Directors, the Investment Consultant will provide risk management solutions for addressing other risks, including interest rate and inflation risk, relative to the Plan's liabilities.

Custodians and Fund Administrators

The underlying assets of the Plan are held in safekeeping by custodians under contract by each Investment Manager, whether the structure is a separately managed account or pooled/co-mingled fund investment. Managers of investments in private assets may not employ a custodian in the traditional sense, as investments of the funds are made directly into and held by the underlying companies. However, private funds have an administrator and a bank which deal with investor capital commitments and payment, call downs, distributions, etc. Where applicable, the Trustee Directors will receive account statements from custodians/administrators at least semi-annually.

The Trustee Directors rely on the fund administrators and custodians to provide fair value pricing of Plan Assets based on quoted market prices from a recognized exchange, secondary market transactions, or by a reputable independent valuation firm. In the case of investments in collective vehicles (funds), the administrator for each fund determines the Net Asset Value (NAV) at the end of each month or quarter. Where NAVs are struck quarterly or delayed, the price of the investment will be adjusted in the open accounting period at the time the new NAV was issued. There may be cases where private securities are held 'at cost' until an independent valuation is received, or a pricing event has occurred.

Trustee Directors' Policies Regarding Investment Managers

One or more Investment Managers will be appointed to invest Plan Assets on behalf of the Trustee Directors. Each segregated account investment arrangement is governed by a written agreement between the Investment Manager and the Plan. The Investment Managers shall observe the specific guidelines, restrictions, and policies expressed in any written agreement with the Trustee Directors. Subject to such guidelines and restrictions, the Investment Managers will be responsible for making all investment decisions on a discretionary basis, and the day-to-day management of the investment, including, without limitation, securing best execution, controlling costs, providing fair valuation, managing investment realizations and safeguarding Plan Assets. Investment Managers will be evaluated on their ability to achieve the performance objectives set for them by the Trustee Directors. In the case of co-mingled or pooled investments, the Plan Assets will be invested in accordance with the investment prospectus or similar fund documents.

- **How Investment Managers are incentivized to align their strategy with Trustee Director policies:** Economic incentives in the form of asset-based and performance-based compensation serve to focus managers on growing the assets under their mandate. The ability of the Trustee Directors to terminate contracts on short notice and "vote with their feet" is another primary factor in the managers' respecting the client's objectives and policies, including environmental, social, and governance ("ESG") considerations where appropriate. As described later in this SIP, the Trustee Directors shall ensure Investment Manager mandates align with Trustee Director policies regarding expected returns and acceptable levels of risk and will monitor managers on a regular basis to ensure strategic alignment. For more, see Section 5: Review and Evaluation of Arrangements.

- **How Investment Managers are incentivized to engage and take into account financial and non-financial matters over the medium to long-term:** The Trustee Directors delegate investment discretion to Investment Managers with the expectation that the Investment Manager takes into account material financial considerations relevant to the investments in their portfolio, including ESG considerations which may have a long-term impact on the returns of such investments and therefore the Plan. The Trustee Directors recognize that short-term performance can be volatile and not reflective of fundamentals, so they generally make manager retention decisions based on performance over a full market cycle with a view toward retaining managers that have a medium-to-long-term investment discipline. The Trustee Directors have chosen not to take non-financial matters into account when considering their policy objectives and evaluation of investment managers.

Trustee Directors' Policy Regarding ESG Considerations

As noted above, the Trustee Directors expect Investment Managers to account for financially material ESG considerations in the selection, retention, and realization of those investments over the medium- to long-term. Environmental considerations may include but are not limited to, energy consumption, pollution, climate change, waste productions, natural resource preservation, and animal welfare. Social considerations may include but are not limited to, human rights, child and forced labor, community engagement, health and safety, stakeholder relations, and employee relations. Governance considerations may include but are not limited to, quality of director independence, conflicts of interest, executive compensation, transparency and disclosure, and shareholder rights.

The Trustee Directors may also engage Investment Managers where ESG considerations are not directly relevant, either as a function of the short-term nature of the underlying trading strategy, for example, algorithmic, technical, arbitrage, or hedging strategies; or the nature of the financial assets traded by the Manager.

The Trustee Directors will request the Investment Manager's ESG policy to ensure the Investment Manager appropriately considers the medium- to long-term impact that financially material ESG factors may have on the returns of the investments.

Trustee Directors' Policy Regarding Stewardship (Voting and Shareholder Engagement)

The Trustee Directors believe the Investment Managers are best suited to engage directly with investee companies regarding their performance, strategy, capital structure, management of actual or potential conflicts of interest, and other risks. The Trustee Directors also expect their appointed Investment Managers to vote proxies on behalf of the Plan and to exercise any voting rights held (bearing in mind the costs of doing so and ESG considerations, where applicable) in such ways as to enhance the value of their investments and to otherwise engage with the management of companies so as to enhance shareholder value. For both pooled funds and separately managed accounts where equities and corporate bonds are held directly by the Plan, the Trustee Directors shall request a proxy voting report from the Investment Manager.

In instances where the Trustee Directors are obligated to act directly with respect to an investment, with the assistance of their Investment Consultant, they will exercise any voting rights held (bearing in mind the costs of doing so and ESG considerations, where applicable) in such ways as to enhance the value of the Plan's investment. The Trustee Directors may engage directly with management, obtain management and Board of Directors materials, engage with auditors, or take other actions as they deem necessary to ensure appropriate management oversight for the benefit of protecting Plan Assets.

Trustee Directors' Policy Regarding Member Considerations and Non-Financial Matters

The Trustee Directors' investment objectives are designed to secure the financial benefits owed to members, and the Trustee Directors have chosen not to consider the views of Plan members and beneficiaries in relation to non-financial matters.

Additional Voluntary Contributions (AVCs)

Active members of the Trust can choose to pay Additional Voluntary Contributions (AVCs). AVCs are invested, at the members' discretion, according to their risk tolerance, investment sophistication, and time to retirement in a range of funds. The Trustee Directors will review these arrangements periodically but not less often than every three years. AVCs are directed and managed separately from other Plan Assets.

Section 3:

Investment Strategy

The Trustee Directors, in consultation with the Investment Consultant and the Company, have adopted an absolute return investment strategy. Absolute return strategies seek to deliver positive absolute returns over the medium to long- term whether markets are rising or falling. This is done by applying a range of low-correlation, diversified investment strategies that aim to generate positive returns in numerous market conditions. Ideally, the portfolio is devised so that if any individual strategy is producing a negative return, positive returns from other strategies should be able to compensate.

The absolute return strategy is, first and foremost, a risk management strategy. The absolute return approach seeks returns with lower overall asset volatility than traditional approaches. The secondary investment objective of the absolute return strategy is to achieve a target return. What distinguishes the strategy is its focus on risk control and the diversified nature of the risk exposures in the portfolio. The strategy seeks to deliver a more consistent return profile with better odds of steady growth and lower risk of substantial loss.

Pension assets also have a long investment horizon and, as a result, are well-positioned to invest in less liquid and private investments, which offer the potential for higher expected returns in exchange for illiquidity. The ultimate objective is to grow the pension assets to improve the funding position and provide a cushion against future cash needs. In order to meet their long-term objectives without undue reliance on the Company, the Trustee Directors believe that it is necessary to take measured investment risk over the long-term. Consequently, they must accept the potential for underperformance due to market conditions and resulting short-term volatility in the Plan's funding position.

Strategic Asset Allocation

The strategic asset allocation of the Plan will be comprised of a portfolio constructed from asset classes including stocks, bonds, hedge funds, private equity, and commodities, as well as interest-bearing assets and derivatives that match the liability's sensitivity to nominal and real interest rates, allocated as per the following table:

% of Asset Ranges			Permitted Asset Class	Expected Return	Risk Level
Minimum	**Target**	**Maximum**			
20	**35**	**50**	**Equity**	**high**	**high**
0	**20**	**25**	**Balanced**	**medium**	**medium**
10	**20**	**80**	**Fixed Income**	**low to medium**	**low to medium**
20	**25**	**35**	**Alternatives**	**medium to high**	**medium**
	100				

The *expected return* and *risk level* of each asset class noted above conveys the characteristics of these assets when viewed in isolation. Investing in two or more 'high risk' assets can significantly reduce the overall risk of the combination, such that the combined portfolio can be considerably less risky than the individual constituents with little impact on expected return. This important risk dampening effect from diversification is strongest among asset classes with diverse risk factors that do not move up and down together. Fiduciaries have an affirmative duty to diversify pension assets. The Trustee Directors have adopted the diversified absolute return strategy in an attempt to capture the benefits of diversification to reduce the risk of loss (especially catastrophic loss) while maintaining an acceptable rate of long-term asset growth.

Investments in shares of public and private companies provide the potential for high returns but also entail a high variability of return. Over the long-run, equities have historically delivered returns above fixed income and provided exposure to growth as well as some inflation protection. The historical record also demonstrates there are periods as long as twenty years when bonds have outperformed stocks.

Investments in high quality fixed income securities from highly rated government and corporate issuers can offer a stable return as well as security of principal, but no growth potential. Fixed interest bonds typically perform well during stable or falling inflation but are vulnerable to rising inflation, while index-linked government bonds offer returns that float with inflation. Historically, government bonds are one of the best diversifiers for an equity portfolio and also provide a pattern of returns that is very similar to the behavior of the pension liability.

Investments in differentiated assets and strategies that seek to generate returns independent of equity and bond markets offer a third important source of asset return. The risk and return profile of these alternative strategies can vary widely, but as a group, alternatives are expected to generate a return and risk profile somewhere between equities and fixed income. The inclusion of these strategies in a portfolio of equities and bonds is a powerful diversifier that can markedly improve the risk and return profile of the entire investment portfolio.

The strategic asset allocation balances the risk and return potential of equity, fixed income, and alternative assets in an attempt to deliver the target asset return while taking a relatively low level of risk compared to equity markets. It should be noted that the allocation ranges reflect the asset allocation moves that the Investment Managers are likely to take in pursuit of achieving an above benchmark return with lower volatility than the benchmark.

The Trustee Directors recognize that even though the Plan's investments are subject to short-term volatility, it is critical that a long-term investment focus be maintained. The Trustee Directors intend to avoid ad-hoc revisions to their philosophy and policies in reaction to either speculation or short-term market fluctuations. The Trustee Directors will not preclude from consideration any asset class or type of manager, including the use of private equity, commodities, derivatives, and hedge funds.

Funding Position and Liabilities

The Plan's funding position is determined by the Plan actuary on a solvency and technical provisions basis. The Solvency Basis estimates the cost of buying annuities from an insurance company to meet the Plan's benefit obligations. The Technical Provisions Basis assumes the Plan is a going concern and estimates the liability using discount rates based on the Bank of England government bond yield curve plus a premium based on the expectation that the Pension's investments will outperform gilts over the longer-term. These discount rates form a key benchmark by which the overall performance of the strategy is judged.

The absolute return strategy is designed to exceed this benchmark over rolling 5-year periods. The targeted absolute return is 5% to 7% p.a. The expected level of risk, as measured by the volatility (standard deviation) of returns, is 7% p.a. An appropriate blend of index-linked and fixed interest gilts will be used to create a liability benchmark which the Trustee Directors can monitor periodically as a proxy for the impact of changes in interest rates on the Plan's projected liabilities.

Hedging Program and Integrated Risk Management

The Trustee Directors have implemented a hedging program to reduce the risk to the Plan’s funding position from volatility in both interest rates and currency markets. Hedging is a technique designed to mitigate risk by taking an offsetting position to an existing exposure or risk factor. In this case, the strategy invests in a manner that reduces the risk to the Plan's funded status from the inherently different interest rate sensitivity of the assets and liabilities, as well as currency exposure to U.S. dollar-denominated investments.

The Trustee Directors also take into account the financial condition of the Company, duration of Plan Liabilities, and overall Value-at-Risk (VaR) of Plan Assets and Liabilities when determining an appropriate hedging strategy. This integrated risk approach is designed to ensure the investment of Plan Assets is not determined in isolation but takes into account multiple factors that influence the Plan's funded status, and therefore long-term security of Plan benefits.

Investment Restrictions and Guidelines

The Trustee Directors will not provide loans to the Company or any associated company, nor will they invest in the Company or any associated company (unless indirectly by way of the investments of pooled investment funds over which they have no direct influence and where the holdings have been acquired for purely investment reasons).

Money managers are restricted from making an investment of the Plan's assets in Real Estate Investments.
In addition, the Trustee Directors require that at least 65% of the Plan's assets are admitted to trading on regulated markets and that not more than 40% of the Plan's assets are denominated in currencies other than Sterling, after accounting for the benefit of any currency hedging. Derivatives may be used, without limit, for the purposes of risk reduction, efficient portfolio management, liability hedging, or foreign currency hedging. Derivatives may also be held directly by the Plan for the purpose of speculative investment, in order to enhance returns, but only to an extent consistent with the overall portfolio level of risk expected and accepted by the Trustee Directors.

Investment Manager Selection and Monitoring

The absolute return approach determines the Strategic Asset Allocation to be implemented by awarding appropriate investment mandates to selected Investment Managers.

It is important to note that while the Trustee Directors work with the Consultant to make strategic decisions about which Investment Managers to select and how much to invest, the day-to-day investing and management of the assets are up to the Investment Managers, subject to the terms of their stated and agreed investment strategy.

The Trustee Directors will fully delegate the management of the assets to authorized and appropriately experienced Investment Managers. As part of the exercise of appointing and replacing managers to particular mandates, the Trustee Directors will have regard, amongst other things, to the managers' past performance, exhibited levels of competency, soundness of investment philosophy, and robustness of investment processes. The appointment and replacement of managers will be undertaken in conjunction with the Consultant.

The Investment Managers are set a specific benchmark and performance objective by the Consultant. Investment Manager performance and risk is monitored each month by the Consultant, and material or unexpected deviations may result in a formal review. Portfolio turnover at the manager level is considered as part of a manager's overall net return delivered on those assets, with higher-turnover strategies, therefore requiring a higher gross investment return to achieve targeted net long-term returns. Turnover is controlled at the portfolio level by taking longer-term investment horizons and using suitably wide asset allocation ranges to avoid unnecessary trading. Costs, including out of market risk, is managed by close coordination between the asset managers and the Consultant.

The Trustee Directors acknowledge that absolute return approaches are, by their nature, not designed around tracking a market benchmark and therefore are not always easy to evaluate through comparisons to traditional benchmarks. The risk-adjusted returns of the portfolio are an important metric for measuring the success of the investment program in addition to the absolute levels of investment return and volatility.

Rebalancing Policy and Cash Flow

The Plan Assets will be rebalanced regularly, taking into account the need to minimize both transaction costs and risks associated with deviation from the target asset allocation. Tolerance ranges for deviation from the strategic asset allocation have been set by the Trustee Directors to allow flexibility. The Trustee Directors view these ranges not as absolutes, but as trigger points for discussion and potential action, as warranted by the facts and circumstances then prevailing. When an allocation reaches its upper or lower band, the Investment Consultant shall recommend an investment change to effectively rebalance the portfolio, or recommend the Trustee Directors defer immediate action while monitoring the allocation. Reasons for deferring action may include but are not limited to market conditions, pending cash flows, a pending liquidity event, or other near-term catalysts in the investment portfolio or other relevant new information. Any allocations that are outside the target range will be addressed at each subsequent Trustee Directors meeting. In the event of a persistent deviation from the target range, the Trustee Directors will consider whether the strategic allocation ranges should be amended.

The Trustee Directors will also take into account the potential need to disinvest funds for the payment of benefits and expenses and ensure that the Consultant and Investment Managers are aware of this. The Trustee Directors and the Consultant will consider both the near- and medium-term liquidity requirements of the Plan in allocating Plan Assets to liquid or illiquid strategies (as well as the expected volatility of such investments).

Section 4:

Risk Management

The Trustee Directors will assess and consider the following risks on an ongoing basis:

"Asset/liability mismatch" - This is the risk that arises from investing in assets that do not match Plan Liabilities. This risk is managed by investing a portion of the portfolio in high-quality bonds, as well as through the derivative-based interest rate hedging program. Inflation is also an important consideration.

"Company covenant risk" – This is the risk arising from the inability of the Company to meet its legal and financial obligations to support the Plan. This risk is mitigated by receiving regular financial and operations updates from the Company to help assess the ability of the Company to meet its obligations. This risk is interrelated with both the investment strategy and funding approach.

"Strategic investment risk" – This is the risk arising from the failure of the selected long-term investment strategy to deliver the level of expected return or risk characteristics necessary to meet the Trustee Directors' long-term objectives. This risk is managed by setting appropriate risk measures and limits with regular monitoring.

"Counterparty risk" - This risk arises when a counterparty to a financial contract fails to perform, most likely through default. The Trustee Directors control this risk by limiting trading in over-the-counter securities and minimizing overall counterparty exposure at the Plan level. Investment management agreements similarly contain provisions to limit counterparty risk.

"**Liquidity risk" –** This is the risk of exhausting liquid assets and therefore being unable to meet immediate liabilities. Sufficient liquidity is maintained such that the probability of this risk occurring is very low. The Trustee Directors and their advisers monitor the level of liquidity against limits.

"Currency risk" – This is the risk of market loss as a result of movements in foreign exchange rates. Additionally, some Investment Managers take specific currency positions inherent to their investment strategy or with a view to improving risk-adjusted return. This risk will be monitored and considered as part of the Investment Manager's role in the portfolio and the ongoing hedging program.

"Longevity risk" – This is the risk that members of the Plan live longer than expected, and this leads to greater benefit payments being made from the Plan. The Trustee Directors and their advisers will monitor the Plan's own mortality experience and also monitor mortality trends and the likely outlook for future experience.

"Investment operational risk" – This is the risk of loss resulting from inadequate or failed internal processes, people or systems, and external events. This includes risk arising from the custody or transfer of assets. The Trustee Directors manage these risks by ensuring Investment Managers have robust processes and procedures, utilize qualified professional service providers (such as fund administrators and custodians), and are operated by trained individuals.

"Fund manager risk" – This is the risk that a fund manager makes excessive or persistent losses or does not perform in a way consistent with its return target. This risk is mitigated through a robust manager selection and monitoring process, and through manager diversification. The Trustee Directors monitor fund manager risk through the ongoing manager review process.

"Valuation risk" – This is the risk that assets are misvalued, in turn resulting in inappropriate investment decisions or inferences – for example, a misallocation of assets or the misstatement of the funding level. The risk is mitigated through a valuation policy for each investment that defines the pricing principles, controls, and sensitivities, together with monitoring processes for them.

"Volatility/drawdown risk" - This is the risk that a highly variable return pattern makes it difficult to manage funding status and contribution requirements of the Plan. High volatility also subjects the Plan's assets to large losses that can be difficult to recover from or require the Plan to make sub-optimal asset allocation decisions. This risk is addressed by pursuing a more risk-averse investment approach that seeks to control asset volatility at the portfolio level through diversification. The volatility of fund managers and the portfolio is monitored against pre-defined expectations and quantitative tools such as Monte Carlo simulation, Value-at-Risk (VaR), and scenario analysis.

"Inadequate diversification risk" - This is the risk that investment positions could contain a concentrated exposure to one or more systemic or idiosyncratic risks that could result in large losses. This risk is managed by allocating Plan Assets across an array of investment strategies and asset classes and through regular monitoring of the investment portfolio.

The monitoring of these risks does not make the investment policy free of risk but endeavors to balance the need for risk control with the requirement to have assets that are likely to achieve the required performance target.

Section 5:

Review and Evaluation of Arrangements

Reporting and Communications

Investment Managers will be expected to:

- Provide asset statements detailing the value of the investment at a frequency agreed within investment documents;
- Communicate in writing any major changes in investment strategy;
- Communicate in writing any significant changes (i.e., personnel, ownership, philosophy) in the Manager's firm;
- Meet upon request;
- Provide on an annual basis an analysis of the composition of the portfolio including available and public information on characteristics of the portfolio; and,
- Provide this information directly to both the Trustee Directors and to the Consultant.

Consultant is expected to:

- Perform an initial and periodic review of the investment policy, guidelines, and asset allocation and communicate recommendations, in writing and as necessary;
- Perform initial analysis of the portfolio's asset allocation and make periodic recommendations to the Trustee Directors as necessary;
- Provide written information on Managers and recommendations for hiring and termination as required; and,
- Provide to the Trustee Directors monthly reporting on portfolio composition, risk statistics, investment valuations and returns, cash flows, liabilities, and foreign currency exposure.

Trustee Directors will be expected to:

- Provide Consultant with notice of any expected liquidity changes;
- Provide Consultant with notice of any investment parameter changes or benchmark changes; and,
- Process investment paperwork and wire direction letters as required.

Investment Management and Adviser Fees

Investment Manager fees are determined as a fixed percentage of assets managed and, in some circumstances, a performance-related fee based on outperformance. The Trustee Directors acknowledge that this is a standard form of remuneration in the asset management industry. Investment Manager compensation tied to asset performance naturally aligns the Trustee Directors and the asset managers on the primary goal of growing the assets to meet future benefit payments over the medium- and long-term (3 to 5+ years).

The Consultant is paid on a fixed percentage of the Plan Assets. In the interest of full transparency, the Consultant does not receive remuneration from other sources, such as commissions or placement fees from recommended Investment Managers. Where the Consultant or an affiliate of the Consultant also acts as the Investment Manager, as is the case with one private investment, consultancy fees are reduced by the fees charged at the investment level.

Review

The Trustee Directors' policy is to review the suitability of the agreed investment strategy, the investment approach, and appointed investment managers on an ongoing basis. Absolute return managers are expected to generate positive absolute returns over a market cycle. In addition, all managers are expected to exceed the return of their benchmark index over a market cycle on a risk-adjusted basis. Most absolute return approaches are not designed to track a market benchmark, and traditional benchmarks may not offer the best comparison. Investment returns cannot be properly evaluated without considering risk. Therefore, the Trustee Directors will consider the risk-adjusted performance of the strategy and the investment managers.

The Investment Consultant will be available to participate in all Trustee Directors Meetings telephonically and in person, at least once annually, and be held to account for the performance of Plan Assets.

The Trustee Directors will review this Statement and their investment strategy every three years following the publication of the results of the Plan's triennial actuarial valuation, or more frequently, if dictated by significant changes in the Plan's liabilities and/or market conditions. This Statement may only be amended after recommended changes have been approved by the Trustee Directors.