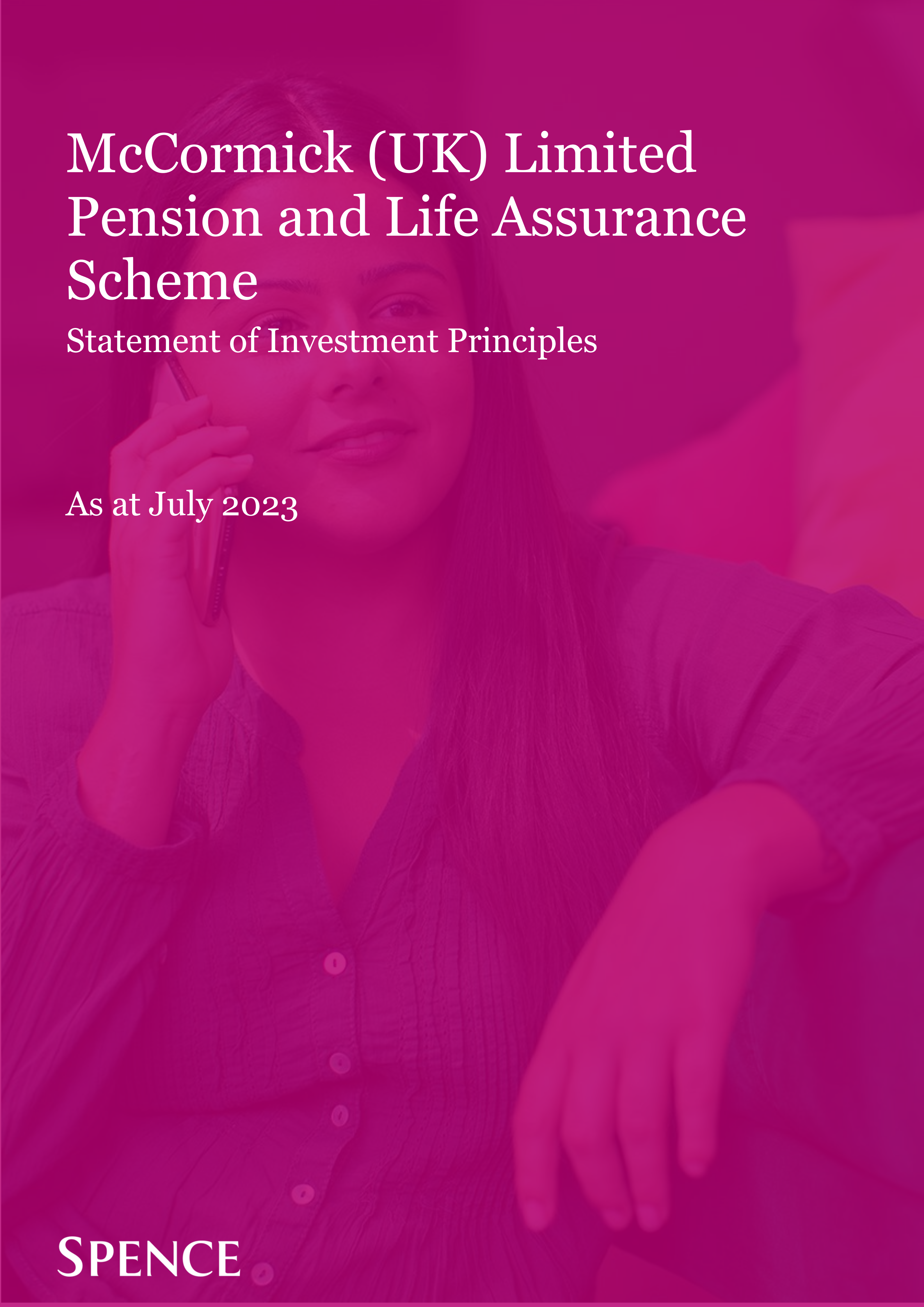

McCormick (UK) Limited Pension and Life Assurance Scheme

Statement of Investment Principles

As at July 2023

SPENCE

What's Inside?

Executive Summary

This Statement of Investment Principles ("the Statement") has been commissioned by and addressed to the Trustees of the McCormick (UK) Limited Pension and Life Assurance Scheme ("the Scheme").

This document has been prepared by Simon Cohen of Spence and Partners Limited, in his capacity as appointed Investment Consultant to the Scheme.

It has been prepared to comply with Section 35 of the Pensions Act 1995 as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010 and as amended by subsequent regulations.

For the purposes of this report, McCormick (UK) Limited is referred to as the "Employer".

Introduction

This Statement sets out the principles governing decisions about investments for the Scheme and supersedes the previous Statement prepared by the Trustees.

In preparing this Statement, the Trustees have:

1.	Consulted with the Employer, although responsibility for maintaining this Statement and setting investment policy rests solely with the Trustees.
2.	Obtained and considered written professional advice and recommendations from Spence and Partners Limited ("Spence") who is the Trustees' appointed investment consultant. Spence is authorised and regulated by the Financial Conduct Authority ("FCA"). It has confirmed to the Trustees that it has the appropriate knowledge and experience to give the advice required by the Pensions Acts.

The Trustees will review this Statement at least once every three years to coincide with the triennial actuarial valuation or other advice relating to the statutory funding requirements. If there are any significant changes in any of the areas covered by this Statement, the Trustees will review it without further delay. Any changes made will be based on written advice from a suitably qualified individual and will follow on from consultation with the Employer.

The Scheme is a defined benefits ("DB") plan. The Trustees' investment powers are set out in the Trust Deed and Rules and subsequent amending deeds. This Statement is consistent with those powers.

This Statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates) and Scheme Funding legislation. The Myners principles are summarised in Appendix 2.

Investment Objectives

The Trustees' overall investment policy is guided by the following objectives:

1.	The Trustees' primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due. In doing so, the Trustees also aim to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.
2.	The Trustees have considered the Employer's covenant and investment objectives. They are aware of the relationship between the investments held and the funding level of the Scheme liabilities and believe that their investment objectives and the resultant strategy are consistent with the valuation of those liabilities.

The Scheme Actuary has confirmed during the process of revising the investment strategy that the investment objectives and resultant strategy are consistent with the fact that the Scheme might be moving towards a buy-in.

Investment Responsibilities

The Trustees

Under the legal documentation governing the Scheme, the power of investment is vested in the Trustees. Therefore, the Trustees are responsible for the setting the investment objectives and determining the strategy to achieve those objectives. They set the overall investment target and then monitor the performance of their investment managers against the target. In doing so the Trustees consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.

Their duties and responsibilities include but are not limited to:

- Regular approval of this Statement and monitoring compliance with this Statement
- Appointment, removal (where applicable) and review of their investment managers or investment consultant and their performance relative to relevant benchmarks
- Assessment of the investment risks run by the Scheme
- Monitoring and review of the asset allocation

Investment Consultant's Duties and Responsibilities

The Trustees have appointed Spence as their investment consultant. Spence provides advice when the Trustees require it and/or when Spence feels it suitable to do so. Areas on which it can provide advice are as follows:

- Setting investment objectives
- Determining strategic asset allocation
- Determining suitable funds and investment managers
- Managing cashflow

It should be noted that the Trustees retain responsibility for all decisions.

Any services provided by Spence will be remunerated on either a time cost or fixed fee basis. Spence does not receive any commission or any other payments in respect of the Scheme for investment services that will affect the impartiality of their advice.

The Trustees are satisfied that this is a suitable adviser compensation structure.

Investment Manager's Duties and Responsibilities

The Trustees, after considering suitable advice, have appointed LGIM to manage the assets of the Scheme as detailed in Appendix 1 of this Statement. This investment manager is authorised and regulated by the FCA and is responsible for stock selection, asset allocation (if managing a multi-asset portfolio) and the exercise of voting rights. LGIM is compensated by fund based charges on the value of the Scheme's assets that it holds.

The Scheme's agreed asset allocation is defined in the Appendix 1

Setting the Investment Strategy

The Trustees have determined their investment strategy after considering the Scheme's liability profile, their own appetite for risk and the views, risk appetite and covenant of the Employer. They have also received written advice from their investment consultant.

Types of Investment

The Scheme's assets are invested on behalf of the Trustees directly with the underlying investment manager.

The Trustees are permitted to invest across a wide range of asset classes, including but not limited to equities, bonds, cash, property and alternative asset classes. The use of derivatives is as permitted by the guidelines that apply to the pooled funds.

The Trustees will monitor from time-to-time the employer-related investment content of their portfolio as a whole and will take steps to alter this should they discover this to be more than 5% of the portfolio.

Balance Between Different Types of Investment

The Scheme invests in assets that are expected to achieve the Scheme's objectives detailed previously. The allocation between the different asset classes is shown in Appendix 1 of this Statement.

The Trustees have considered the merits of both active and passive management for the different elements of the asset allocation and selected suitable types of management for each asset class. The current manager is shown in Appendix 1.

From time-to-time the Scheme may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflow requirements or any other unexpected events.

The Trustees may also hold insurance policies which are for the benefit of certain members to match part or all of their liabilities.

Expected Return on Investments

The Trustees have noted the long-run relationships that exist between the returns from different asset classes and have noted the different expected risk/return characteristics of the various different asset classes.

In particular they have noted that equities can be expected to deliver a greater long-run real return (over price inflation) than that expected from fixed interest gilts, index-linked gilts or cash but that typically equities are the most volatile asset class in terms of market returns on an annual basis.

The Trustees' chosen policy is to stabilise the Scheme's funding level.

Realisation of Investments

The Scheme's assets are invested in pooled vehicles, which in turn invest in securities traded on recognised exchanges. The Scheme's investments can generally be readily realised, if necessary.

Financially Material Considerations

The Trustees have considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Scheme for members. They believe that financially material considerations (including climate change) are implicitly factored into the expected risk and return profile of the asset classes that they are investing in.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to invest through pooled funds. The Trustees acknowledge that they cannot directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the Trustees do expect their investment manager and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustees accept that the Scheme's assets are subject to the investment manager's own policy on socially responsible investment. The Trustees will assess that this corresponds with their responsibilities to the beneficiaries of the Scheme with the help of their investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies are also reviewed regularly for the existing manager with the help of the investment consultant. The Trustees will only invest with investment managers that are signatories to the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standards.

The Trustees will monitor financially material considerations through the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and their investments;

- Use ESG ratings information provided by their investment consultant, to assess how the Scheme's investment manager takes account of ESG issues; and

- Request that the Scheme's investment manager provides information about its ESG policies, and details of how it integrates ESG into its investment processes, via their investment consultant.

If the Trustees determine that financially material considerations have not been factored into the investment manager's process, they will take this into account on whether to select or retain an investment.

Non-Financial Material Considerations

The Trustees have not considered non-financial material matters in the selection, retention and realisation of investments.

Stewardship

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustees' behalf, having regard to the best financial interests of the beneficiaries.

The investment manager should engage with companies to take account of ESG factors in the exercise of such rights as the Trustees believe that this will be beneficial to the financial interests of members over the long term. The Trustees will review the investment manager's voting policy, with the help of their investment consultant, and decide if it is appropriate.

The Trustees also expect the investment manager to engage with investee companies on the capital structure and management of conflicts of interest.

If the policies or level of engagement are not appropriate, the Trustees will engage with the investment manager, with the help of their investment consultant, to influence the investment manager's policy. If this fails, the Trustees will review the investments made with the investment manager.

The Trustees have taken into consideration the Financial Reporting Council's UK Stewardship Code and expect the investment manager to adhere to this where appropriate for the investments that it manages.

Investment Manager Arrangements

Incentives to align investment manager's investment strategies and decisions with the Trustees' policies

The Scheme invests in pooled funds and so the Trustees acknowledge the funds' investment strategies and decisions cannot be tailored to the Trustees' policies. However, the Trustees set their investment strategy and then select managers that best suits their strategy taking into account the fees being charged, which acts as the investment managers' incentive.

The Trustees use the fund objective/benchmark as a guide on whether their investment strategy is being followed and monitors this regularly.

Incentives for the investment manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term

The Trustees select managers based on a variety of factors including investment philosophy and process, which they believe should include assessing the long term financial and non-financial performance of the underlying company that they invest in.

The Trustees also consider the managers' voting and ESG policies and how they engage with the investee company as they believe that these factors can improve the medium to long-term performance of the investee companies.

The Trustees will monitor the manager's engagement and voting activity on an annual basis as they believe this can improve long term performance. The Trustees expect their manager to make every effort to engage with investee companies but acknowledge that their influence may be more limited in some asset classes, such as bonds, as they do not have voting rights.

The Trustees acknowledge that in the short term, these policies may not improve the returns they achieve, but do expect that those companies with better financial and non-financial performance over the long term will lead to better returns for the Scheme.

The Trustees believe that the annual fee paid to the investment manager incentivises it to do this.

If the Trustees feel that the investment manager is not assessing financial and non-financial performance or adequately engaging with the companies that it is investing in, they will use these factors in deciding whether to retain or terminate a manager.

How the method (and time horizon) of the evaluation of the investment manager's performance and the remuneration for asset management services are in line with the Trustee's policies

The Trustees review the performance of each fund quarterly on a net of fees basis compared to its objective.

The Trustees assess the performance periods of the funds, where possible, over at least a 3-5 year period when looking to select or terminate a manager, unless there are reasons other than performance that need to be considered.

The investment managers' remuneration is considered as part of the manager selection process and is also monitored regularly with the help of their investment consultant to ensure it is in line with the Trustees' policies.

How the Trustee monitors portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover or turnover range

The Trustees monitor the portfolio turnover costs on an annual basis.

The Trustees define target portfolio turnover as the average turnover of the portfolio expected in the type of strategy the manager has been appointed to manage. This is monitored on an annual basis.

The Trustees have delegated the responsibility of monitoring portfolio turnover costs and target portfolio turnover to their investment consultant.

The duration of the arrangement with the investment manager

The Trustees plan to hold each of their investments for the long term but will keep this under review.

Changes in investment strategy or changes in the view of the investment manager can lead to the duration of the arrangement being shorter than expected.

Additional Voluntary Contributions ("AVCs") Arrangements

Some members obtain further benefits by paying AVCs to the Scheme. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions. Details of AVC providers are included in Appendix 1. From time-to-time the Trustees review the choice of investments available to members to ensure that they remain appropriate to the members' needs.

Risks

The Trustees are aware and seek to take account of a number of risks in relation to the Scheme's investments. Under the Pensions Act 2004, the Trustees are required to state their policy regarding the ways in which risks are to be measured and managed. Overall, the Trustees measure and monitor their risks by receiving quarterly monitoring reports which report on the performance of their assets, their managers and the movements in the Scheme's liabilities. The key risks and the policies are as follows:

Solvency and Mismatching Risk	This is measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities. The risk is managed by setting a scheme specific asset allocation with an appropriate level of risk.
Concentration Risk	This is measured by comparing the underlying asset allocation to the strategic asset allocation. It is managed through the diversification of the Scheme's assets across a range of different funds with different investment styles and underlying securities.
Investment Manager Risk	This is assessed as the deviation of actual risk and return relative to that specified in the investment manager's objectives. It is measured by monitoring on a regular basis the actual deviation of returns relative to investment manager's agreed objectives and an assessment of factors supporting the manager's investment process.
Sponsor Risk	This is assessed as the ability and willingness of the Employer to support the continuation of the Scheme and to make good any current or future deficit. This is managed by assessing the interaction between the Scheme and the Employer's business, as measured by a number of factors including the creditworthiness of the Employer and the size of the pension liability relative to the Employer.
Liquidity Risk	This is monitored according to the level of cashflows required by the Scheme over a specified time period. The Scheme's administrators will assess the cash requirements to limit the impact of cashflow requirements on the Scheme's investment policy. The risk is managed by having a suitable amount of readily realisable investments and by holding a certain level of cash type assets. The Scheme invests in assets that there are invested in quoted markets and are as readily realisable as the Trustees feel suitable given the Scheme's cashflow position and the expected development of the liabilities.
Currency Risk	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas

	currencies by investing in non-sterling assets or via currency investment. Some currency hedging maybe used to manage this risk.
Loss of Investment Risk	There is a risk of loss of investment by each investment manager and potentially the custodian. This includes losses beyond those caused by market movements e.g. losses caused by fraud. The Trustees undertake regular reviews of the internal controls and processes of the investment managers.
Environmental, Social and Governance (ESG) and Climate Change Risks	There is a risk that ESG issues and climate change are not considered as part of the investment process and so may expose the portfolio to unexpected risks. This can lead to losses that may not have been factored into any expectations of future investment returns. The Trustees have considered ESG issues including climate change as part of the investment process.

Compliance

The Trustees confirm that they have received and considered written advice from Spence on the establishment and implementation of their investment strategy.

The Trustees confirm that they have consulted with the Employer regarding their strategy. Copies of this Statement and any subsequent amendments will be made available to the Employer, the investment manager, the Scheme Actuary and the Scheme auditor upon request.

The Trustees will monitor compliance with this Statement annually. This will include a review of the suitability of the investment strategy on an ongoing basis and consideration of the continued suitability of the appointed investment manager.

NAME (block capitals) Matt Garmston

Signed M Garmston
Matt Garmston (Oct 16, 2023 17:56 GMT+1)

Trustee

Signed for and on behalf of the Trustees of the McCormick (UK) Limited Pension and Life Assurance Scheme

Date of Signing: 16/10/2023

NAME (block capitals) Neil Robertson

Signed N.Robertson

Trustee

Signed for and on behalf of the Trustees of the McCormick (UK) Limited Pension and Life Assurance Scheme

Date of Signing: 16/10/2023

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Appendices

Appendix 1: Strategic Asset Allocation

The Scheme has a strategic asset allocation as set out in the table below:

Portfolio	Allocation	Control Range	Asset Class	Allocation
Sterling Liquidity Fund	4%	n/a	Cash	4%
Single Stock Fixed Gilts	25%	n/a	Single Stock Fixed Gilts	25%
Single Stock Index-Linked Gilts	40%	n/a	Single Stock Index-Linked Gilts	40%
Buy & Maintain Bonds	31%	n/a	Buy & Maintain Bonds	31%
Total	**100%**			**100%**

Assets will not be rebalanced in order to maintain a liability hedge ratio.

Rebalancing and Cashflow management

The assets of the Scheme will not be re-balanced. Any cash disinvestments required will initially be taken from the Sterling Liquidity Fund and the proceeds of the Buy & Maintain Bond funds will also be used to meet cashflow requirements.

Investment Manager

The table below shows the investment manager that the Trustees have appointed to carry out the day-to-day management of the assets, as well as the funds that it manages, its benchmarks and relevant objectives.

Investment Manager	Fund	Benchmark	Objective
Legal & General Investment Management	Sterling Liquidity Fund	Sterling Overnight Index Average	N/A
	Various single Stock Fixed Gilts	The return on the specific Fixed Gilt	Track benchmark to within +/-0.25% p.a. for two years out of three
	Various single Stock Index-Linked Gilts	The return on the specific Index-linked Gilt	Track benchmark to within +/-0.25% p.a. for two years out of three
	Buy & Maintain Bonds	No explicit benchmark	To provide credit risk exposure through investing principally in a globally diversified portfolio of non-government bonds and avoiding investment in bonds which in the opinion of the Investment Manager are likely to default or experience a significant deterioration in credit quality.

The investment manager's performance will be monitored on a quarterly basis.

Prudential and Utmost Life and Pensions are appointed to manage the AVCs.

Fees

The fee arrangements for the investment manager is summarised below:

Investment Manager	Fund	Annual Management Charge % p.a.
Legal & General Investment Management	Sterling Liquidity Fund	0.1250%
	Single Stock Fixed Gilts	0.100% p.a. of the first £5m, plus 0.075% p.a. of the next £5m, plus 0.050% p.a. of the next £20m, plus 0.030% p.a. of the balance above £30m The fee rates apply to each individual single stock gilt fund
	Single Stock Index-Linked Gilts	0.100% p.a. of the first £5m, plus 0.075% p.a. of the next £5m, plus 0.050% p.a. of the next £20m, plus 0.030% p.a. of the balance above £30m The fee rates apply to each individual single stock index-linked gilt fund
	Buy & Maintain Bonds	0.15% p.a.

Spence are remunerated on either a time cost or fixed fee basis.

Appendix 2: Myners Principles

The Myners principles as applicable to DB schemes are set out below:

Principle 1: Effective Decision Making	The Trustees should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively and monitor their implementation. The Trustees should have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.
Principle 2: Clear Objectives	The Trustees should set out an overall investment objective(s) for the fund that takes account of the Scheme's liabilities, the strength of the sponsor covenant and the attitude to risk of both the Trustees and the sponsor, and clearly communicate these to advisers and investment managers.
Principle 3: Risks and Liabilities	In setting and reviewing their investment strategy, the Trustees should take account of the form and structure of liabilities. These include the strength of the sponsor covenant, the risk of sponsor default and longevity risk.
Principle 4: Performance Assessments	The Trustees should arrange for the formal measurement of the performance of the investments, investment managers and advisers. The Trustees should also periodically make a formal policy assessment of their own effectiveness as a decision-making body and report on this to scheme members.
Principle 5: Responsible Ownership	The Trustees should adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents. A statement of the Scheme's policy on responsible ownership should be included in the Statement of Investment Principles (SIP). The Trustees should report periodically to members on the discharge of such responsibilities.
Principle 6: Transparency and Reporting	The Trustees should act in a transparent manner, communicating with stakeholders on issues relating to its management of investment, their governance and risks, including performance against stated objectives. The Trustees should provide regular communication to members in the form they consider most appropriate (e.g. Statement of Investment Principles as well as Statement of Funding Principles; websites/helplines (for larger schemes); and annual report and accounts).

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Final Audit Report 2023-10-16

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