



## Statement of Investment Principles

### **ACNielsen (UK) Pension Plan**

Date reviewed: September 2023  
Date adopted by Trustee:



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# Section 1: Introduction

## **Pensions Act**

1. Under the Pensions Act 1995 (as amended), trustees are required to prepare a statement of the principles governing investment decisions. This document contains that statement, as drawn up by the trustees of the ACNielsen (UK) Pension Plan ("the Plan"), and describes the investment principles pursued by the trustees of the Plan ("the Trustee"). The Plan's Statement is divided into two sections: one (Section 3) relating to the Defined Benefit ("DB") Section and the other (Section 4) relating to the Defined Contribution ("DC") Section.
2. The Trustee has consulted A.C.Nielsen Company Limited ("the Employer") on the principles set out in this Statement and will consult the Employer on any changes to it. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.
3. Before drawing up this Statement, the Trustee has obtained and considered written advice from the Plan's DB Fiduciary Manager (WTW) and DC investment consultant (WTW). The Trustee will review the document regularly, at least every three years, and without delay following a significant change in investment policy.

## **Financial Services and Markets Act 2000**

4. In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for the selection of specific investments to an appointed investment manager or managers. The investment manager(s) shall provide the skill and expertise necessary to manage the investments of the Plan competently.

## **Plan details**

5. The Plan operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries ('Members'). The Plan provides:
  - a A Defined Benefit pension arrangement for members where the benefits at retirement are determined by the member's earnings history, tenure of service and age
  - b A Defined Contribution pension arrangement where the benefits are determined by the accumulated assets invested on the members' behalf.

## Section 2: Division of responsibilities

1. The Trustee has ultimate responsibility for decision making on investment matters. In order to ensure that investment decisions are taken only by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee and Employer delegates some of these responsibilities.
2. In particular the Trustee delegates a number of tasks relating to its DB Section to a Fiduciary Manager (the 'Fiduciary Manager'), WTW. The Fiduciary Manager's discretion is subject to Investment Guidelines set by the Trustee within its Fiduciary Management Agreement (the Agreement) with the Trustee dated 17.06.2016. The Fiduciary Manager considers the Agreement, the guidelines and the Trustee's policies set out within this statement when carrying out its role and responsibilities, which ensures appropriate incentivisation and alignment of decision-making with the Trustee's overall objectives, strategy and policies.

### **Trustee's roles and responsibilities**

3. The Trustee's responsibilities include:
  - The Trustee's primary investment role and responsibility is to set the overall strategic investment objectives in relation to the DB Section for the Plan, including a long-term journey plan and appropriate return target (taking advice from the Fiduciary Manager), and ensuring that these objectives remain appropriate over time.
  - The Trustee delegates a number of responsibilities to a Fiduciary Manager and investments managers (as set out below). However, the Trustee reserves the right to make decisions on all such matters subject to informing managers as soon as practical after a decision has been taken.
  - Appointing (and dismissing) the Fiduciary Manager in relation to the DB Section.
  - Appointing (and dismissing) investment managers in relation to the DC Section.
  - Consulting with the Employer when considering any amendment to this Statement.

### **Fiduciary Manager responsibilities (DB Section)**

4. Fiduciary Manager responsibilities include:

The Trustee has delegated investment manager selection, de-selection and the ongoing management of relationships with asset managers to the Fiduciary Manager within Investment Guidelines set by the Trustee. The Trustee considers the Fiduciary Manager's performance in carrying out these responsibilities as part of its ongoing oversight of the Fiduciary Manager. The Trustee expects the Fiduciary Manager to ensure that, the portfolio, in aggregate, is consistent with the policies set out in this statement, in particular those required under regulation 2(3)(b) of the Occupational Pension

Schemes (Investment) Regulations (2005). Where relevant to the mandate, the Trustee expects the Fiduciary Manager to:

- Ensure that the investment objectives and guidelines of any pooled vehicle are consistent with the Trustee's policies;
- Use its discretion, where appropriate, to set explicit guidelines within the Investment Management Agreement for segregated investments to ensure consistency with the Trustee's policies.
- In accordance with the Financial Services and Markets Act 2000, the selection of specific investments will be delegated to investment managers. The investment managers will provide the skill and expertise necessary to manage the investments of the Plan competently.
- The Trustee and Fiduciary Manager 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 Fiduciary Manager will maintain processes to ensure that performance and risk are assessed on a regular basis against measurable objectives for each investment manager, consistent with the achievement of the Plan's long-term objectives.
- The Trustee expects the Fiduciary Manager to appoint investment managers with an expectation of a long-term partnership, which encourages active ownership of the Plan's assets. When assessing a manager's performance, the Trustee expects the Fiduciary Manager to focus on longer-term outcomes, commensurate with the Trustee's position as a long term investor. Consistent with this view, the Trustee does not expect that the Fiduciary Manager would terminate a manager's appointment based purely on short term performance but recognises that a manager may be terminated within a short timeframe due to other factors such as a significant change in business structure or the investment team. The Trustee adopts the same long term focus as part of its ongoing oversight of the Fiduciary Manager.
- For most of the Plan's investments, the Trustee expects the Fiduciary Manager to appoint managers with a medium to long time horizon, consistent with the Plan. In particular areas such as equity and credit, the Trustee expects the Fiduciary Manager to work with managers who will use their engagement activity to drive improved performance over medium to long term periods within the wider context of long-term sustainable investment. The Trustee notes that the Fiduciary Manager may invest in certain strategies where such engagement is not deemed appropriate or possible, due to the nature of the strategy and/or the investment time horizon underlying decision making. The Trustee expects that the appropriateness of the Plan's allocation to such mandates is determined in the context of the Plan's overall objectives.
- The Trustee has delegated responsibility for the selection, retention and realisation of investments to the Fiduciary Manager and in turn to the Plan's investment managers. However, the Trustee and Fiduciary Manager recognise that an investment's long-term

financial success is influenced by a range of factors including Environmental, Social and Governance (ESG) issues.

- Consequently the Trustee (through the selection of the Fiduciary Manager and its associated approach to ESG issues, as set further below) seeks to be an active long-term investor. The Trustee's focus is explicitly on financially material considerations. The Trustee's policy at this time is not to take into account non-financially material or ethical considerations.
- When considering its policy in relation to stewardship including engagement and voting, the Trustee expects investment managers to address broad ESG considerations taking into account the nature of the assets held under the relevant investment mandate, but has identified climate change, biodiversity and diversity, equity & inclusion as key areas of focus for the Trustee. The Trustee assesses that ESG risks, and in particular climate change, pose a financial risk to the Scheme and that focussing on these issues is ultimately consistent with the Trustee's fiduciary duties and the financial security of its members. Whilst the Trustee's policy is to delegate a number of stewardship activities to the Fiduciary Manager and its investment managers, the Trustee recognises that the responsibility for these activities remains with the Trustee. The Trustee incorporates an assessment of how well the Fiduciary Manager and investment managers exercise these responsibilities as part of its overall assessment of their performance.
- The Fiduciary Manager has a dedicated Sustainable Investment resource and a network of subject matter experts. The consideration of ESG issues is fully embedded in the investment manager selection and portfolio management process, with oversight undertaken on an ongoing basis. The Trustee expects the Fiduciary Manager to assess the alignment of the Plan's underlying managers' approach to sustainable investment (including engagement) with its own before making an investment on the Plan's behalf. The Trustee expects the Fiduciary manager to engage with underlying managers where appropriate regarding their approach to stewardship with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings. In addition, the Trustee expects the Fiduciary Manager to review the managers' approach to sustainable investment (including engagement) on a regular basis and engage with the manager to encourage further alignment as appropriate. The Fiduciary Manager considers a range of sustainable investment factors, such as, but not limited to, those arising from ESG considerations, including climate change, in the context of a broader risk management framework. The degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and particular exposures which the Fiduciary Manager takes into account in the assessment. The Fiduciary Manager considers a range of sustainable investment factors, such as, but not limited to, those arising from ESG considerations, including climate change, in the context of a broader risk management framework. The degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and particular exposures which the Fiduciary Manager takes into account in the assessment.
- The Fiduciary Manager encourages and expects the Plan's investment managers to sign up to local or other applicable Stewardship Codes, in-keeping with good practice, subject



to the extent of materiality for certain asset classes. The Fiduciary Manager itself is a signatory to the Principles for Responsible Investment (PRI) and the UK Stewardship Code and is actively involved in external collaborations and initiatives.

- The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Fiduciary Manager assesses the voting policies of the investment managers that it appoints on the Trustee's behalf, for consistency with the Trustee's policies and objectives, as appropriate. The Fiduciary Manager has also appointed EOS at Federated Hermes to undertake public policy engagement and company-level engagement on its behalf. EOS at Federated Hermes also assists the Trustee's equity managers with voting recommendations.
- The Trustee expects the Fiduciary Manager to consider the fee structures of asset managers and the alignment of interests created by these fee structures as part of its investment decision making process, both at the appointment of an asset manager and on an ongoing basis. Asset 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. The Trustee expects the Fiduciary Manager to review the costs incurred in managing the Plan'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 Trustee expects the Fiduciary Manager to have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.
- The Fiduciary manager provides regular reporting to the Trustee on the performance of the Plan's DB assets versus its liabilities.

### **Underlying investment managers' responsibilities**

5. Each underlying investment manager's responsibilities include:

- Discretionary management of the portfolio, including implementation (within agreed guidelines) of changes in the asset mix and selecting securities within each asset class.
- Providing regular statements of the assets they manage.
- The independent safekeeping of the assets and appropriate administration (including income collection and corporate actions) within any pooled funds used by the Plan.

### **Provider – Defined Contribution Section**

6. The Provider's responsibilities include:

- Providing the Trustee with quarterly statements of the assets and factsheets on the underlying funds.
- Ensuring that the underlying funds are priced correctly.

- Reviewing the continued structural suitability of the underlying funds.

#### **Global DB Custodian and Performance Measurer responsibilities**

7. The Plan has also contracted with a global custodian, State Street Bank & Trust Company, whose responsibilities include:

- Registering the Plan's investment holdings.
- Providing independent transaction activity and valuation reporting on a monthly basis.
- Providing performance measurement services.

#### **Scheme Actuary**

8. The Scheme Actuary's responsibilities include:

- Performing the triennial (or more frequently, as required) valuations of the Plan and advising on the appropriate contribution levels for the future.
- Liaising with the DB Fiduciary Manager and DC investment consultant on the suitability of the Plan's investment strategy given the financial characteristics of the Plan.

## Section 3: Defined Benefit Section

### Plan investment objective

1. The long-term investment objective of the Trustee is for the Plan to be 100% funded on a gilts basis by the year 2027.
2. The Trustee will review this objective regularly and amend as appropriate.

### Investment strategy

3. The Trustee has received advice to determine an appropriate investment strategy for the Plan. More details on the current investment strategy can be found in Appendix A.
4. The investment strategy makes use of three key types of investments:
  - a. a range of instruments that provide a broad match to changes in liability values
  - b. a diversified range of return-seeking assets
  - c. a bulk annuity policy with Aviva Life & Pensions UK Limited (Buy-in)
5. The balance within and between these investments will be determined from time to time with regard to maximising the chance of achieving the Plan's investment objective.
6. The Plan will hold assets in cash and other money market instruments from time to time as may be deemed appropriate.
7. The Trustee will monitor the liability profile of the Plan and will regularly review, in conjunction with the Fiduciary Manager and the Scheme Actuary, the appropriateness of its investment strategy.
8. The expected return of investments will be monitored regularly and will be directly related to the Plan's investment objective.
9. The Trustee's policy is that there will be sufficient investments in liquid or readily realisable assets to meet cashflow requirements in foreseeable circumstances so that, where possible, the realisation of assets will not disrupt the Plan's overall investments. The Fiduciary Manager, in conjunction with the Plan's administrators, will ensure sufficient cash and liquid assets are available to meet benefit and other payment obligations.

### Other Investment Matters

10. The Trustee's AVC arrangement provides for benefits to be accrued on a money purchase basis. In selecting appropriate investments, the Trustee is aware of the need to provide a range of investment options which broadly satisfy the varying risk profiles of the membership.
11. The Trustee recognises a number of risks involved in the investment of the Plan's assets and, where applicable, monitors these risks in conjunction with the Fiduciary Manager:
  - Solvency risk and mismatch risk:
    - are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities.
    - are managed through the development of a portfolio consistent with delivering the Trustee's investment objective.
  - Investment manager risk:
    - is measured by the expected deviation of the prospective risk and return, as set out in the investment managers' objectives.
    - is managed through: diversification across investment managers, ongoing monitoring of the performance of the investment managers and ongoing qualitative assessments of the investment managers by the Fiduciary Manager.
  - Liquidity risk:
    - is measured by the level of cashflow required by the Trustee over various periods.
    - is managed by the Fiduciary Manager assessing the Plan's cashflow requirements, in conjunction with the Trustee's administrators, and ensuring that the Plan's assets are sufficiently liquid.
  - Currency risk:
    - is measured by the level of exposure to non-Sterling denominated assets.
    - is managed by the Fiduciary Manager by investing a proportion of the Plan's assets in currency hedged pooled funds.

- Custodial risk:
  - is addressed through investment in pooled vehicles, with the investment managers responsible for selection of suitable custodians. In addition, restrictions are applied as to who can authorise transfers of cash and the accounts to which transfers can be made.
  
- Political risk:
  - is measured by the level of concentration in any one market.
  - is managed by the Fiduciary Manager ensuring that the assets are suitably diversified.
  
- Employer risk:
  - is measured by receiving regular financial updates from the Employer and periodic independent covenant assessments.
  - is managed through an agreed contribution and funding schedule.
  
- Insurer counterparty risk:
  - is measured by the solvency of Aviva Life & Pensions UK Limited.
  - is managed by the Trustee considering the financial stability of Aviva Life & Pensions UK Limited and the financial stability of the UK insurance regime at the point of investment.

12. These measures do not render the investment policy free of risk. Rather, the measures endeavour to balance the need for risk control and the need for assets which are likely to achieve the Plan's long-term investment objective.

13. The Trustee and Fiduciary Manager will continue to monitor these risks.

## Section 4: Defined Contribution Section

### Plan objectives

1. The Trustee seeks to offer members funds that acquire assets of appropriate liquidity and diversification which will generate income and capital growth which will provide a fund at retirement with which to provide retirement benefits (be that by purchase of a pension annuity or by some other means – the Trustee notes that a final salary underpin applies to the Old Money Purchase section).
2. Members' investment needs change as they progress towards retirement age. Younger members, e.g. those with more than 10 years to retirement, have a greater need for real growth to attempt to ensure their investment accounts exceed inflation and, if possible, salary escalation. Younger members will also, all other things being equal, have a greater tolerance for volatility of returns, as they have a greater time to retirement in which markets may come back in line from any temporary low. Older members, e.g. those with 10 or less years to retirement, will typically require a greater level of stability and lower level of risk in relation to their investment accounts. Different members will have differing personal preferences.

### Long-term defined contribution investment policy

3. The Trustee's long-term defined contribution investment policy is:
  - To ensure the individual funds are suitably invested and managed to maximise the return commensurate with an acceptable level of risk.
  - To obtain advice on whether the range of defined contribution funds, any default arrangements within the Plan or any other investments, chosen by the Trustee are satisfactory as required by the Pensions Act at least every three years or sooner in the event of there being consideration of any significant changes in the Trustee's investment policy and the Trustee will consider such advice accordingly.

### Arrangement with Investment Managers

4. Alignment between an investment manager's management of the Plan's assets and the Trustee's policies and objectives is a fundamental part of the appointment process of a new investment manager. As the DC Section only invests in pooled investment funds, the Trustee cannot directly influence or incentivise investment managers to align their management of the funds with the Trustee's own policies and objectives. However, the Trustee will seek to ensure that the investment objectives and guidelines of any investment fund used are consistent with its own policies and objectives. The Trustee will also seek to understand the investment manager's approach to sustainable investment (including engagement).
5. Should the Trustee's monitoring processes reveal that an investment fund's objectives and guidelines, or an investment manager's approach to sustainable investment, do not appear to be sufficiently aligned with the Trustee's policies, the Trustee will, with the assistance of its advisers, engage with the investment manager to ascertain the reasons for this and whether

closer alignment can be achieved. If this is not possible the Trustee may consider alternative options available in order to terminate and replace the manager.

6. The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Plan's assets. The Trustee 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. When assessing an investment manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate an investment manager's appointment based purely on short term performance. However, an investment 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.
8. Investment managers are paid a fee expressed as a percentage of assets managed, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.
9. The Trustee reviews the costs incurred in managing the Plan's assets on a regular basis, which includes the costs associated with portfolio turnover (namely transaction costs). The DC funds are managed on a passive basis, therefore the managers should be seeking to provide investment returns in line with the respective indices and portfolio turnover will be reflective of this investment approach.

### **Corporate governance and Socially Responsible Investments**

10. The Trustee takes account of all known financially material risks and opportunities in consultation with its advisers. All risks and opportunities are considered for materiality and impact, which taking account of members' investment time horizons and objectives. The Trustee considers sustainable investment factors, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, in this context.
11. The Trustee's policy is that day-to-day decisions relating to the investment of Plan assets is left to the discretion of its investment managers. This includes consideration of all financially material factors, including ESG-related issues where relevant. The Trustee, on occasion, explores these issues with its managers to understand how they exercise these duties in practice and receives reports on how these issues are addressed. The DC funds are managed on a passive basis and therefore the Trustee notes that the fund managers do not have discretion to deviate from the index.
12. The Trustee's policy is to delegate responsibility for the exercising of ownership rights (including voting rights) attaching to investments to the investment managers. The Trustee makes available a stewardship fund through Aviva which is available through the AVC policy.

### **Risk management**

13. The Trustee recognises a number of risks involved in the investment of assets of the Plan, including:

- *Capital risk* – the risk that the value of the investment will fall in value over any period of time. The Trustee has made available a cash fund within the AVC policy for the purpose of managing this risk.
  - *Inflation risk* – the risk that the contributions fail to provide an adequate amount of benefit. This could be by failing to achieve an adequate amount of return in excess of price inflation commensurate with the term of investment. The Trustee has made available equity funds for the purpose of managing this risk.
  - *Manager risk* – addressed through ongoing monitoring of the manager as set out in this Statement.
  - *Pension conversion risk* – the risk that the value of a member's account does not reflect how they may take their benefits at retirement. The Trustee has made available a range of investment within the AVC policy for the purpose of enabling members to manage this risk.
  - *Currency risk* – where members invest in funds with an exposure to overseas securities, there will be an element of currency risk as these securities are converted back into Sterling. The global equity funds offered by the Trustee employ currency hedging on the overseas equity allocations.
  - *Liquidity risk* – the risk that assets are not easily realisable such that cash is not readily available to meet cash flow requirements. The Trustee has had regard to this in selecting appropriate funds and in designing the default strategy.
14. The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Trustee manages investment risks, taking into account the Plan's strategic investment objectives. These investment objectives are implemented through the investment management agreements in place with the Plan's investment manager and monitored by the Trustee by regular reviews of the investment portfolio.

#### **New Money Purchase section – closed**

15. This section was available for those members whose offer of employment was made after 1 January 2004, and was closed with effect from 1 October 2011. In June 2022, following a review of the New Money Purchase section and its suitability to provide ongoing value to members for the charges and costs they paid, the Trustee completed a transition exercise of assets to the Fidelity Master Trust. Following the transition exercise, there were no further benefits held in this Section and it was closed with effect from 20 June 2022.

#### **Old Money Purchase section**

16. This section was only available for members whose offer of employment was made prior to 1 January 2004. The section closed to new contributions from 1 April 2016.



17. The only investment option for this Section is the ACNielsen LGIM Lifestyle Strategy, therefore also making it a default investment strategy. Further information about this Lifestyle Strategy is provided in Appendix B and below. The Lifestyle and default was designed to meet the needs of the membership of this Section, as determined by the Trustee's assessment of the likely risk tolerance, retirement objectives and overall purpose of the Section. The objective of the Lifestyle (as the default) is to provide capital growth for members over the long term and then de-risk into annuity-targeting funds that provide greater protection against volatility as members approach retirement, in expectation that the majority or all of the Section's benefits will be required to secure a pension through the Defined Benefit section.

### **AVC arrangements**

18. The investment options available to the AVCs through the Provider, Aviva, are as follows:

- Aviva BlackRock (30:70) Currency Hedged Global Equity Index Fund
- Aviva BlackRock UK Equity Index Fund
- Aviva BlackRock World (Ex-UK) Equity Index (Fund
- Aviva Stewardship Fund
- Aviva BlackRock Over 15 Year Corporate Bond Index Fund
- Aviva BlackRock Over 15 Year Gilt Index Fund
- Aviva BlackRock Over 5 Year Index-Linked Gilt Index Fund
- Aviva Cash Fund

A detailed breakdown of the investment options (with corresponding performance objectives and benchmarks) is provided in Appendix B.

19. The AVC policy offers three lifetime profiles (see Appendix B). The Trustee believes that lifetime investment options provide for members that do not want to take an active role in deciding their appropriate asset allocation. The benefit of this approach is that a member's asset allocation changes automatically over time.
20. The Trustee feels that one lifetime programme is not sufficient as this would not meet the needs of members with different levels of risk tolerance. Therefore, three lifetime approaches are offered:
- Option 1 – 10 Year Lifetime Investment Programme – this option is intended for more risk averse investors. It includes a longer switching period (ten years) which means that members start moving out of equities and into bonds ten years prior to retirement. To further reduce the risk in this option, a passive style of management is used for equity investments.

- Option 2 – 5 Year Lifetime Investment Programme – this option is intended for members looking for a more aggressive investment strategy. This option has a shorter switching period (five years) which means members start to move from equities into bonds only five years prior to retirement. Like option 1, this strategy makes use of passively managed funds for equity investments.
- Option 3 – 5 Year Cash Lifetime Investment Programme – similarly to option 2, this option has a shorter switching period (five years), however this was designed for members expecting to take all their AVCs as cash. This means members move from equities into bonds and then 100% to cash by the selected retirement date. Like the previous options, this strategy makes use of passively managed funds for equity investments.

21. The Trustee transferred the former Utmost (Equitable Life) funds into the 5 Year Cash Lifetime Investment Programme in 2020. As a result, the Trustee now treats this as a default investment option. The Trustee took advice on the fund mapping and is satisfied that the resulting default option is suitable for members. Further information about this Programme is provided in Appendix B. The Programme was designed to meet the needs of the AVC membership, as determined by the Trustee's assessment of the likely risk tolerance, retirement objectives and overall purpose of the Section. The objective of this Programme is to provide capital growth for members over the long term and then de-risk into cash, as the expectation that the majority or all of the AVC benefits will be used towards the member's tax-free cash entitlement.

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Signed for, and on behalf of the Trustee of the  
**ACNielsen (UK) Pension Plan**

Signed:

Name: Chris Martin

Date of issue 05 / 12 / 2023

## Appendix A: DB Investment Arrangements

The table below sets out the breakdown of the target asset allocation for the investment portfolio as at 31 July 2023 to target a net return of 0.8% pa above gilt-based liabilities. Outside of the buy-in, the asset allocation and manager selection responsibilities have been delegated to the Plan's Fiduciary Manager. The actual asset allocation at any point in time will differ from the below.

Asset class	Target allocation as at 31 July 2023 (%)
Equities	4.5
Fixed Income	2.8
Diversifiers	2.9
Private Markets	2.6
Listed Real Assets	1.1
Downside Risk Protection	0.0
LDI pooled funds and cash	49.0
Buy-in policy with Aviva	37.0

This strategy translates into the following risk and return statistics based on asset data and WTW asset class assumptions as at 30 June 2022.

Risk and return statistics	Investment portfolio
10 year expected net return relative to gilts (% pa)	0.8
1 year VaR (£m) excluding longevity	12.2
Tracking Error – expected (% pa)	1.6

**Notes:**

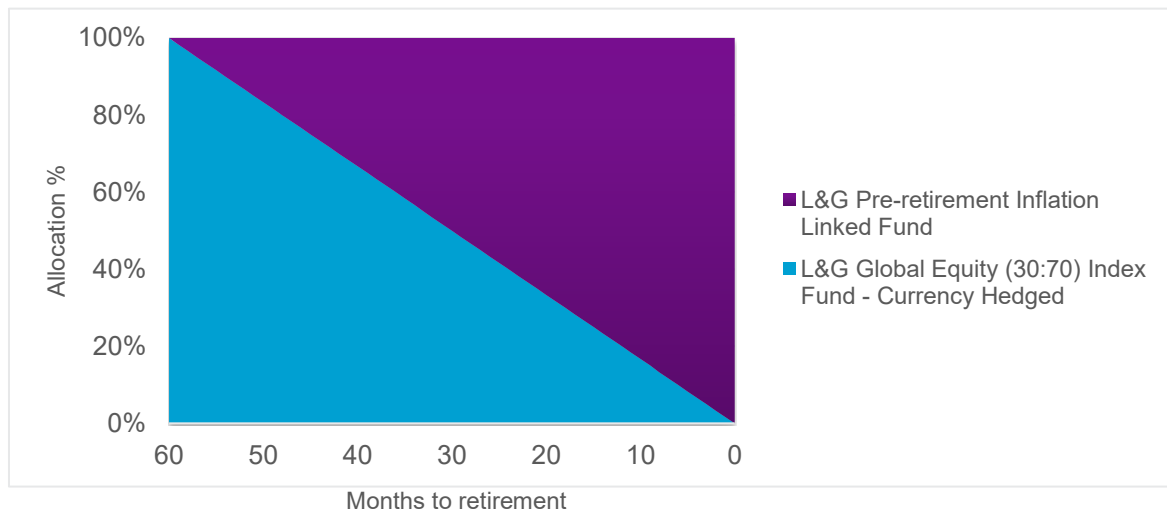
- Analysis is based on 31 July 2023 asset data and WTW asset class assumptions as at 30 June 2022
- Tracking error represents the standard deviation of the portfolio returns versus the gilt-based liabilities
- Allocations are subject to rounding

## Appendix B: DC Investment Arrangements

### Manager structure

A range of funds are offered. A set of objectives have been developed for each of the funds used, consistent with their benchmarks and investment approach. The funds and their objectives are as follows:

### Old Money Purchase section lifestyle strategy



Manager	Fund	Performance objectives and benchmark
Legal & General	LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged	to achieve a return through 30/70 distribution between UK and overseas assets which is maintained with overseas allocation mirroring that of FTSE AW – All World (ex-UK) Index.
Legal & General	LGIM Pre-Retirement Inflation Linked Fund	to provide diversified exposure to sterling assets that reflect the broad characteristics of investments underlying the pricing of a typical inflation-linked annuity product, with a benchmark composing of gilts and corporate bond funds.

**AVC arrangement**

This section provides access to the below self-select fund options, along with the three Lifetime Investment Programmes.

<b>Manager</b>	<b>Fund</b>	<b>Performance objectives and benchmark</b>
Aviva	Stewardship Fund	to generate capital growth from investing primarily in companies listed in the UK, using a set of ethical criteria
Aviva	Cash Fund	to generate returns consistent with those of the 7 Day GBP LIBID.
BlackRock	Aviva BlackRock (30:70) Currency Hedged Global Equity Index	to provide returns consistent with 30% FTSE All Share Midday Index, 60% FTSE Developed ex UK Midday Index and 10% MSCI Emerging Markets.
BlackRock	Aviva BlackRock World (Ex-UK) Equity Index	to generate returns consistent with those of the FTSE Developed ex-UK Index.
BlackRock	Aviva BlackRock UK Equity Index	to achieve a return that is consistent with the return of the FTSE All Share Index.
BlackRock	Aviva BlackRock Over 15 Year Corporate Bond Index	to achieve a return that is consistent with the return of the iBoxx £ Non-Gilts Over 15 Years Index.
BlackRock	Aviva BlackRock Over 5 Year Index-Linked Gilt Index	to achieve a return that is consistent with the return of the FTSE UK Index-Linked Gilts Over 5 Years Index.
BlackRock	Aviva BlackRock Over 15 Year Gilt Index	to achieve a return that is consistent with the return of the FTSE UK Gilts Over 15 Years Index.

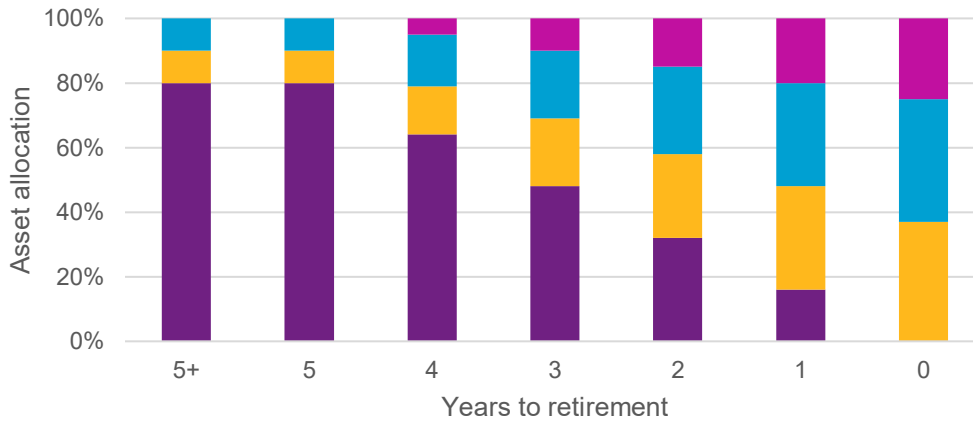
The three Lifetime Investment Programmes available to the AVC arrangement through Aviva are:

<b>Term to retirement age (years)</b>	<b>10 year programme</b>			
	<b>Aviva BlackRock (30:70) Currency Hedged Global Equity Index (%)</b>	<b>Aviva BlackRock Over 15 Year Gilt Index (%)</b>	<b>Aviva BlackRock Over 15 Year Corporate Bond Index (%)</b>	<b>Aviva Cash Fund (%)</b>
10+	80	10	10	-
10	80	10	10	-
9	72	14	14	-
8	64	18	18	-
7	56	22	22	-
6	48	26	26	-
5	40	30	30	-
4	32	31	32	5
3	24	33	33	10
2	16	34	35	15
1	8	36	36	20
Retirement	-	37	38	25



- Aviva Cash Fund
- Aviva BlackRock Over 15 Year Gilt Index
- Aviva BlackRock Over 15 Year Corporate Bond Index
- Aviva BlackRock (30:70) Currency Hedged Global Equity Index

5 year programme				
Term to retirement age (years)	Aviva BlackRock (30:70) Currency Hedged Global Equity Index (%)	Aviva BlackRock Over 15 Year Gilt Index (%)	Aviva BlackRock Over 15 Year Corporate Bond Index (%)	Aviva Cash Fund (%)
5+	80	10	10	-
5	80	10	10	-
4	64	15	16	5
3	48	21	21	10
2	32	26	27	15
1	16	32	32	20
Retirement	-	37	38	25



- Aviva Cash Fund
- Aviva BlackRock Over 15 Year Gilt Index
- Aviva BlackRock Over 15 Year Corporate Bond Index

(AVC only) 5 year cash programme

Term to retirement age (years)	Aviva BlackRock (30:70) Currency Hedged Global Equity (%) Index	Aviva BlackRock Over 15 Year Gilt Index (%)	Aviva BlackRock Over 15 Year Corporate Bond Index (%)	Aviva Cash Fund (%)
5+	80	10	10	-
5	80	10	10	-
4	64	8	8	20
3	48	6	6	40
2	32	4	4	60
1	16	2	2	80
0	0	0	0	100

