STATEMENT OF INVESTMENT POLICY PRINCIPLES

Introduction

Section 59 of the Pensions Act requires that the Trustee prepares a statement describing the principles underlying their investment policy.

This statement has been prepared in consultation with our actuarial and investment advisors. It will be reviewed at least every 3 years and revised whenever there is a change in our investment principles.

Overview

The assets of the Scheme are sub-divided into 2 separate sections for investment purposes:

The Pensioner Fund invests primarily in a combination of both fixed interest and inflation linked Eurozone government bonds.

The Member Selected Funds consist of 6 sub-funds, as follows:

a) The Equity Fund

b) The Bond Fund

c) The Property Fund

d) The Cash Fund

e) The Alternative Assets Fund

f) The Multi Asset Fund

The Pensioner Fund

The Pensioner Fund holds assets in respect of retired members and certain deferred members who are no longer a direct liability of an employer's sub-fund. The pensioner fund invests primarily in both fixed interest and inflation linked Eurozone government bonds as well as a unit linked Corporate bond fund.

Investment Objective And Asset Allocation

The investment objective for the Pensioner Fund is to hold assets which as far as practicable will "match" its liabilities. This means holding a portfolio of assets which will, as closely as possible, change in value in line with changes in the value of these liabilities as financial conditions change.

The liabilities in question fall into two broad categories

- Liabilities which are linked to the rate of Irish price inflation and
- Liabilities which are not inflation linked e.g. pensions in payment which do not increase while in payment or which increase at a fixed rate.

Inflation linked liabilities are "matched" by holding inflation linked bonds of average duration equivalent to the average duration of these liabilities. As it is not possible to purchase stocks linked to Irish price inflation the Pensioner Fund invests in stocks linked to Eurozone inflation. While rates of Irish and Eurozone inflation may diverge in the short- term, it is considered that investment in stocks linked to Eurozone inflation provides the best available long-term match for liabilities linked to Irish inflation in the expectation that rates of inflation within the Eurozone will converge in the long-term. The index linked stocks held are all issued by Eurozone governments.

Fixed Liabilities are "matched" by holding Eurozone government fixed interest stock and units of a Corporate bond fund of average duration equivalent to the average duration of these liabilities.

The Pensioner Fund is therefore entirely managed on a matched (as closely as possible) basis by reference to its liabilities.

Risk Measurement and Monitoring

The principal investment risk facing the Pensioner Fund is that the change in the value of its assets fails to match the change in the value of its liabilities as bond yields and rates of inflation change or as a result of a full or partial default of the bonds held. This risk is managed by reviewing on an annual basis the suitability of the stocks held to match these liabilities. This includes a review of:

(a) The overall value of the liabilities of the Pensioner Fund held in respect of the "Matched Liabilities" having regard to cash flows and new retirements during the year.

(b) The proportion of the Pensioner Fund to be held in fixed interest bonds and the proportion to be held in inflation linked bonds.

(c) The duration of the stocks held by comparison with the duration of the liabilities of the Pensioner Fund.

(d) The Investment Manager is given a mandate setting out the credit rating required for any bonds held.

The financial effect of investment risk is quantified each year as part of the overall actuarial valuation of the Scheme.

Member Selected Funds

There are 6 Member Selected Funds as noted above. Defined Contribution members who have not yet retired may direct that their retirement accounts be invested in any combination of one or more of these funds. In the case of Defined Benefit schemes, the Trustee in consultation with the Sponsoring Employer and having regard to the liabilities of the Scheme will determine the combination of funds to be used having regard to the principles set out on page 5.

Each of the Member Selected funds has its own investment strategy, as follows:

The Equity Fund

The Equity Fund invests in a diversified manner in global equity markets including an allocation to emerging markets. The Fund is passively managed. This means that the Fund holds all of the shares in the relevant benchmark indices in proportion to their relative market capitalisation. The benchmark indices for the Fund are currently:

MSCI Developed Market Equity	42.5%
MSCI Developed Market Equity Unhedged	42.5%
MSCI Emerging Market Equity	15.0%

This passive approach to investment eliminates manager risk i.e. the risk that the Investment Manager might underperform index returns. The passive manager used for the Equity Fund and the benchmark indices used are subject to Trustee review on a regular basis. The Trustee may also from time to time decide to hedge all or part of the currency risk arising from investment in non-Euro markets. As the Fund invests entirely in shares it may be expected to exhibit a high level of volatility in line with the performance of global stock markets. The value of the Equity Fund may therefore rise or fall considerably over relatively short periods (possibly by 30% or more). However, in the long term the expected return from the Equity Fund is greater than that expected from any of the other fund choices available under the Scheme. The Equity Fund may therefore be a suitable vehicle for younger members who have many years to go to retirement and are more concerned with maximising long term return than with short term volatility.

The Bond Fund

The fund invests in a blend of index linked bonds, including government and corporates, trying to match the movement in annuity prices. The bond mix is reviewed periodically and can be updated if a mix that better matches annuity prices can be achieved. The fund aims to broadly follow the long term changes in annuity prices due to interest rates which are just one of the factors that determine annuity prices. The benchmark indices for the Fund are currently:

ICE BAML 15+ YR AAA Euro Gov Index	60%
ICE BAML 10+ YR Euro Lg Cap Corp Index	40%

The Investment Managers used for the Bond Funds and the benchmark indices used will be reviewed on a regular basis by the Trustee.

The Bond Fund may be expected to exhibit some volatility (but not generally as much as the Equity Fund). In particular, if interest rates increase the value of the Bond Fund may be expected to fall. In the longer term the return to be expected from the Bond Fund is less than the expected return from the Equity Fund but more than the expected return from the Cash Fund. The Bond Fund may also be a suitable vehicle for Scheme members who, in the years approaching their retirement, wish to align some or all of their investments with the cost of purchasing a pension on retirement. This is because the value of the Bond Fund may be expected to move broadly in line with the cost of buying a pension as interest rates change.

The Property Fund

The Property Fund is invested in five underlying unitised property funds managed by separate managers. As well as this diversification across managers, the Fund is geographically diversified with Ireland the largest element but with exposure also to the United Kingdom and Europe. The Fund also provides diversification across the major property sectors i.e. office, retail and industrial.

The value of the Property Fund may fluctuate considerably over relatively short periods. In some years the return provided may be a negative, perhaps significantly so. Property is a relatively illiquid asset which may exacerbate market fluctuations (both up and down) and may also lead to delays in implementing redemptions (or withdrawals) from the Property Fund.

In the longer term the return from the Property Fund may be expected to be somewhat lower than that from the Equity Fund. However, the Property Fund may experience long periods during which values decline.

The Trustee reviews the managers and strategy adopted for the Property Fund on a regular basis.

The Cash Fund

The Cash Fund may invest in Euro denominated Bank deposits and other cash-like instruments such as certificates of deposit, treasury bills and short term bonds. The Fund's focus is to place money with high quality counterparties i.e. banks and other issuers. The Fund's exposure to counterparty risk is rigorously managed by a policy of diversification which controls the maximum amount that may be invested in any individual country, bank or issuer. The credit worthiness of counterparties is subject to ongoing review by the Fund's Investment Manager.

As the Cash Fund is invested entirely in bank deposits and other similar instruments it may be expected to provide a return in line with Euro deposit rates with a stable capital value. The Cash Fund may be a suitable vehicle for those Scheme members who, in the years approaching their retirement, wish to preserve the capital value of some or all of their investments (in particular that part of their fund which they plan to take as a lump sum). In the longer term, the Cash Fund is unlikely to provide a return sufficient to support members' benefit expectations and in times of very low interest rates may provide negligible or even slightly negative returns.

The Trustee reviews the manager and strategies used for the Cash fund on a regular basis.

The Alternative Assets Fund

The Alternative Assets Fund is diversified across a wide range of assets, strategies and managers. The fund may contain investments including, but not limited to, equities, bonds, forestry, property, infrastructure, absolute return and derivatives including managed futures and asset backed securities. Absolute return funds typically aim to deliver modest absolute returns relative to a cash benchmark at relatively low risk. The objective of the Alternative Assets Fund is to reduce volatility through diversification. The underlying managers may use financial instruments (e.g. derivatives) in their investment strategies, employing a wide range of different strategies some of which may be relatively high risk.

The Alternative Asset Fund may be expected to exhibit a level of volatility which is somewhere between that exhibited by the Bond and Equity Funds. Similarly, the return to be expected in the longer term from the Alternative Assets Fund would normally be considered to be lower than the expected return from the Equity Fund but greater than the expected return from the Bond Fund. This Fund may be a suitable vehicle for part of a member's assets to improve diversification. The underlying funds and assets in which the Alternative Assets Fund invests are reviewed regularly by the Scheme Trustee.

The Multi Asset Fund

The Multi Asset Fund invests in four of the five available CERS Funds – Equity Fund, Property Fund, Alternative Assets Fund and the Cash Fund as well as two bond funds which are specific to the CERS Multi Asset Fund. The allocation to each fund will vary from the central allocation within an agreed range from time to time to take account of market conditions as determined by the Trustee. The central allocation and agreed ranges are as follows:

Sub Fund	Central Allocation	Agreed Range
Bonds	7.5%	5% - 10%
Inflation Linked Bonds	7.5%	5% - 10%
Equities	45%	37.5% - 52.5%
Alternative Assets	27%	22% - 32%
Property	11%	8% - 14%
Cash	2%	0% - 4%

The Multi Asset Fund may be expected to exhibit the same characteristics as regards volatility and expected returns as the underlying funds in which it invests. However, overall volatility is reduced by investing across the full range of funds and the level of volatility experienced is likely to be lower than the Equity Fund but greater than the Bond or Cash Funds. Similarly, the expected long term return from the Multi Asset Fund would normally be considered to be lower than that of the Equity Fund but greater than that of the Bond or Cash Funds. The central allocation to each of the sub funds will be subject to regular review by the Trustee. The Trustee also reviews the managers and strategies used for each of the underlying Funds on a regular basis.

A lifestyle option based on gradual de-risking of investment strategy over the last 7 years prior to a member's anticipated retirement age is the default option for Defined Contribution members who do not wish to or feel they are unable to make their own fund choice.

CERS Multi Asset Bond Fund

The CERS Multi Asset Bond fund is a passively managed fixed interest fund. Its objective is to track the performance of the EMU Large Cap Corporate Index.

CERS Inflation Linked Multi Asset Bond Fund

The Inflation Linked Multi Asset bond Fund comprises inflation linked bonds with the following target ranges.

Fund	Central Allocation	Agreed Range
France	24%	14% - 34%
Italy	20%	0% - 30%
Spain	20%	10% - 30%
Germany	36%	26% - 46%
Euro Cash	7.5%	5% - 10%

CERS - Structure Of Lifestyling Arrangement

The Trustee introduced 2 lifestyle options based on gradual de-risking of investment strategy over the last 7 years prior to a member's anticipated retirement age. The standard lifestyle (default option) and an ARF lifestyle strategy are available for Defined Contribution members who do not wish to or feel that they are unable to make their own fund choice.

A key element of both lifestyle options which are available to members, is the gradual and automatic de-risking of lifestyle members' investment strategy to target a more conservative mix of assets when a member reaches their Normal Retirement Age (NRA). The target investment allocations at NRA for each of the lifestyle options has been set following consideration of the likely mix of benefits which till be taken by members at retirement.

Standard Lifestyle Strategy

The Standard Lifestyle Option may be suitable for members who intend to purchase a pension from the CERS scheme at their normal retirement age (NRA). The strategy is based on gradual de-risking of investment strategy over the last 7 years prior to a member's NRA. This strategy is automatically included as part of the Multi Asset Fund (default fund). Members will invest 100% in the Multi Asset Fund until 7 years prior to their NRA with 10% being automatically transferred out of the Multi Asset Fund (to a combination of the Cash Fund 7.5% and Bond Fund 2.5%) in each of the last 7 years. Ongoing future contributions would also be invested in accordance with this

Standard Lifestyle matrix with effect from the switch date. The member's fund will rebalance at yearly intervals thereafter.

The Scheme will have 4 Lifestyle dates each year, 1st January, 1st April, 1st July and 1st October. Once a member is within 7 years of their NRA, the first switch and contribution redirection will occur on the quarterly switch date immediately after the member's birthday.

The Standard Lifestyle Table Is As Follows:

Period Remaining to Normal Retirement Age	Allocation of Existing Assets and Future Contributions		
	Multi Asset Fund	Cash Fund	Bond Fund
More than 7 Years	100%	Nil	Nil
6-7 Years	90%	7.5%	2.5%
5-6 Years	80%	15.0%	5.0%
4-5 Years	70%	22.5%	7.5%
3-4 Years	60%	30.0%	10.0%
2-3 Years	50%	37.5%	12.5%
1-2 Years	40%	45.0%	15.0%
0-1 Year	30%	52.5%	17.5%

Approved Retirement Fund (ARF) Lifestyle Strategy

The Approved Retirement Fund (ARF) Lifestyle Option may be suitable for members who intend to transfer their retirement accounts to an ARF at retirement instead of purchasing a pension from the CERS scheme. This strategy is based on gradual de-risking of investment strategy over the last 7 years prior to a member's normal retirement age (NRA). Members who select the ARF Lifestyle Option will invest 100% in the Multi Asset Fund until 7 years prior to their NRA with 5.5% being automatically transferred out of the Multi Asset Fund to the Cash Fund in each of the last 7 years. Ongoing future contributions would also be invested in accordance the ARF Lifestyle matrix with effect from the switch date. The member's fund will rebalance at yearly intervals thereafter.

The Scheme will have 4 Lifestyle dates each year, 1st January, 1st April, 1st July and 1st October. Once a member is within 7 years of their NRA, the first switch and contribution redirection will occur on the quarterly switch date immediately after the member's birthday

The Arf Lifestyle Table Is As Follows:

Period Remaining to Normal Retirement Age	Allocation of Existing Assets and Future Contributions	
	Multi Asset Fund	Cash Fund
More than 7 Years	100%	Nil
6-7 Years	94.5%	5.5%
5-6 Years	89.0%	11.0%
4-5 Years	83.5%	16.5%
3-4 Years	78.0%	22.0%
2-3 Years	72.5%	27.5%
1-2 Years	67.0%	33.0%
0-1 Year	61.5%	38.5%

Summary – Volatility and Expected Returns

Fund	Volatility	Long Term Expected Returns
Equity Fund	6	6
Property Fund	6	6
Multi Asset Fund	5	5
Alternative Assets Fund	5	5
Bond Fund	4	4
Cash Fund	1	1

Legend: Volatility	Volatility Type
7	Very High
6	High
5	Medium to High
4	Medium
3	Low to Medium
2	Low
1	Very Low

Defined Benefit Sub-Schemes – Measurement And Management Of Investment Risk

In the case of Defined Benefit sub-schemes, investment risk is measured relative to the liabilities of the sub-scheme and is assessed at each triennial actuarial valuation. Investment risk is managed as set out below.

The Trustee requires that the strategy outlined below be implemented as a condition of their supporting an extended funding proposal period of more than 3 years.

At the date of each actuarial valuation (normally every 3 years) the percentage of past service liabilities to be invested in the Bond Fund is calculated in accordance with the following table based on the age distribution of the employed and deferred members in the sub-scheme at the valuation date.

Period Remaining to Normal Retirement Date	% of Past Service Liabilities to be Invested in Bond Fund
0 – 3 years	75%
3 – 5 years	50%
5 – 7 years	25%
Over 7 years	Nil

The balance of the assets of the sub-scheme is invested in the Multi Asset Fund.

This calculation results in an overall percentage of past service liabilities to be invested in the Bond Fund. This percentage is applied to the value of existing assets to determine the proportions to be invested in the Bond Fund and the Multi Asset Fund. Future contributions are allocated in the same proportions. Disinvestments to fund retirements will be made 75% from the Bond Fund and 25% from the Multi Asset Fund unless otherwise advised by the Scheme Actuary.

This strategy will be implemented on a phased basis as funding proposals, requiring a recovery period of more than 3 years, are implemented for each DB sub-scheme. Where the application of this strategy results in a material increase in the proportion of existing assets to be invested in the Bond Fund the increased bond content may be implemented on a phased basis in consultation with the Sponsoring Employer over the funding proposal period.

The employer sponsoring a DB sub-scheme may in consultation with the Trustee opt to have a greater allocation to the Bond and Cash funds than is derived from this strategy.

In the case of sub-schemes which do not require an extended recovery period the investment strategy to be adopted is determined by the Trustee in consultation with the Sponsoring Employer having regard to the liabilities of the DB sub-scheme.

Defined Contribution Schemes And Additional Voluntary Contributions

The Trustee's key investment objectives in relation to DC members and those paying AVCs are:

- To provide a suitable range of fund options to meet the requirements of individual members and
- To provide members with adequate information in relation to these options.

It is acknowledged that individual members will have different requirements depending on their age, their attitude to risk and investment knowledge.

Risk Measurement And Management

The risks considered by the Trustee in determining the fund options currently available and their response to the management of these risks are shown below:

(a) The risk of insufficient long-term capital growth for younger members - managed by providing access to the Multi Asset Fund which has a benchmark allocation of 74% to return seeking assets.

(b) The risk that the value of a member's investment account may fall shortly before retirement due to stock market volatility leading to a permanent loss of retirement income - managed by offering members a Cash Fund and two Lifestyle options.

(c) The risk that bond yields may fall shortly before retirement leading to an increase in annuity costs and a permanent loss of retirement income - managed by offering members a Bond Fund and two Lifestyle options.

(d) The risk that members may have insufficient investment knowledge to make appropriate choices in relation to the investment of their accounts. This risk is managed by offering the two Lifestyle options, one of which is the default option in the event that a member does not make a written fund choice.

(e) The risk that individual Investment Managers may underperform leading to a loss of investment return - controlled by offering funds which are mainly managed on a passive basis and by broadly diversifying the Alternative Assets Fund.

(f) The risk of loss due to inadequate diversification and/or investment in unregulated markets - managed by only offering unitised funds which are themselves broadly diversified and which invest mainly in regulated stock markets.

Environmental, Social & Governance (ESG)

The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

By using a pooled investment vehicle for its equity investments, the Trustee accepts that the day-to-day application of voting rights will be carried out by the investment managers in accordance with their own corporate governance policy and current best practice. These managers have in place clear policies of normally voting on all issues on behalf of its investors' best financial interests and have provided the Trustee with a statement detailing their voting policy and practices.

The Trustee considers Mercer's ESG ratings (where available) for each of their strategies. Rating reviews are undertaken on a regular basis and documented at least annually. The Trustee, in conjunction with its advisers, will actively monitor and engage with its managers on ESG integration, consistent with this Policy statement.

The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations and not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future.

Shareholders' Rights Regulations 2020

With respect to the European Union (Shareholders' Rights) Regulations 2020, the Trustee has not developed a standalone engagement policy. The Scheme invests in units in various pooled funds that may from time to time invest in equities of companies which are listed on EU regulated markets. However, in each case the Scheme is one investor among others so has no direct voting rights or other means of engagement with any companies in which the pooled fund may have invested.

The Trustee has engaged with the managers and they have provided a copy of their Engagement Policy and confirmed that they are in compliance with the Regulations. The investment horizon of the Scheme's equity investments is medium to long term in nature, and the Trustee expects the managers to use their engagement activity to drive improved performance over those periods.

The Trustee also expects investment manager appointments to be long-term in nature, and assess the performance over longer-term periods. Short term performance issues would not be expected to result in a manager termination, although other factors may necessitate change over relatively short timeframes.

Sustainable Finance Disclosure Regulations

The Trustee acknowledges that under Article 4 of the Disclosure Regulations there is a requirement to publish and maintain on a website whether principal adverse impacts of investment decisions on sustainability factors are considered. The Trustee is awaiting the clarity of the Level II regulations prior to making such a statement.

This policy is available to members on www.cers.ie.

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