

HADRIAN TRUSTEES LIMITED

TRUSTEE FOR THE SHIPBUILDING INDUSTRIES PENSION SCHEME

THE SHIPBUILDING INDUSTRIES PENSION SCHEME ('SIPS')

BRIEFING NOTE FOLLOWING TRUSTEE BOARD MEETING

A Meeting of the Board of Hadrian Trustees Limited took place on 1 July 2009.

The following subjects were discussed:-

1. Trustee Board

A nomination is still awaited from the CSEU in respect of the vacancy on the Trustee Board for an Employee Trustee Director.

Christian Elliott, Mary Garner and Jerry Wells have recently resigned as Employer Trustee Directors following their departures/retirement from their respective employing Company.

2. Hymans Robertson

The Board received an annual stewardship report from Hymans Robertson.

3. Administration Expenses

The Board received and noted details of administration expenses incurred in the year to 31 March 2009.

4. Risk Register

The Board approved a redesigned Risk Register together with a revised approach for its ongoing maintenance and review.

5. Investment Matters

The Board received a report on the Investment Committee Meeting held on 19 May 2009.

As at 30 April 2009, the total fund value (excluding the US property investment in API, AVCs and current assets/liabilities) was £1,276 million.

Since the inception of the multi-manager investment arrangements in March 2001, the return on the Combined Equity and Bond Unitised Pools to 30 April 2009 was 2.0% per annum compared with the benchmark of 1.1% per annum.

The Board ratified the introduction of the MMIP Global High Yield Fund to be available as an additional asset class for certain Sections of the Scheme.

The Board approved an updated Statement of Investment Principles and the document will be finalised once it has been shared with the IPEs.

The Managing Director presented a report on the stewardship of the Scheme's investment arrangements, together with a current assessment against the Myners Principles.

6. Audit, Accounts & Administration Matters

The Board received a report on the AAA Committee Meeting held on 15 June 2009.

Details of Capita Hartshead's quarterly Administration Report were noted, including an improvement in achieving the performance levels.

The results of the internal audit carried out by KPMG on contributions collection was noted. The AAA Committee approved an internal audit plan for 2009/2010.

7. Report & Accounts : Year Ended 31 March 2009

PricewaterhouseCoopers presented their findings to the Board in respect of the year end audit and it was noted that an unqualified report would be issued.

The Report & Accounts for SIPS, the individual Sections of SIPS and those for the Trustee Company were approved by the Board.

8. Review of Money Purchase Plan

The review of the Money Purchase Plan is currently on hold awaiting input from a number of Employers regarding their ongoing arrangements.

9. Employer Covenants

The Board received an update report from the Managing Director on Employer covenant issues.

10. 2009 Actuarial Valuations

The Board received the provisional results of the valuations in respect of the Ferguson Shipbuilders, Flagship Training and Fleet Support Sections. Meetings with the respective Employers are to be held over the coming weeks in order to explain and discuss the results.

11. Appledore Shipbuilders Section

The Board received a progress report on the winding-up of the Appledore Shipbuilders Section.

12. A & P Falmouth Section

The Managing Director presented a report on the A & P Falmouth Section, including the possible closure of the Section to future accrual.

13. Notifiable Events

The Board approved an updated procedure for the reporting of notifiable events to the Pensions Regulator by both the Employer and the Trustee.

14. Local Pensions Committee (LPC) Meetings

The Board received a report on issues arising at recent LPC Meetings.

15. Date for next Board Meeting

The next quarterly Trustee Board Meeting is to take place on 23 September 2009. The Trustee Company's Annual General Meeting is to take place on the same date.

Distribution:-

Trustee Directors
Elaine Darroch, Capita Hartshead
Murray McDowall, Capita Hartshead
LPC Members (via Elaine Darroch)

MWB/SJK
July 2009