Colorcon Limited Staff Benefits Plan

DEFINED CONTRIBUTION (DC) SECTION AND ADDITIONAL VOLUNTARY CONTRIBUTION (AVC) ARRANGEMENT

Annual Governance Statement by the Chair of Trustees for the year ended 30 June 2025

INTRODUCTION

Governance standards apply to defined contribution pension arrangements like the Defined Contribution Section of our pension scheme. These standards are designed to help members achieve a good outcome from their retirement savings.

As Chair of the Trustees of the Colorcon Limited Staff Benefits Plan (the Plan), I must provide members with a yearly statement which explains what steps the Trustees (with guidance from our professional advisers) have taken to meet these standards. The information included in my statement is set out in law and regulation. This statement covers the period from 1 July 2024 to 30 June 2025 and will be published on a publicly available website. The law requires me to show information about the return on investments within the statement (after the deduction of any charges and transaction costs paid for by members). These are included to help members understand how their investments are performing.

I welcome this opportunity to explain what the Trustees do to help to ensure the Plan is run as effectively as it can be.

The Trustees are committed to having high governance standards and meet regularly to monitor the controls and processes in place in connection with the Plan's Defined Contribution Section's investments and administration.

Although the Plan is predominantly a defined benefit (DB) arrangement, it has the following defined contribution (DC) elements:

- DC Section - Some members have DC benefits through a policy with Aviva (formerly Friends Life and prior to that London & Manchester), as a result of pensionable service prior to 1 July 1991, when it was replaced by the DB Section of the Plan. It is closed to new entrants and future contributions. The DC Section is administered by Aviva and offers investment funds managed by Aviva. For some members, the DC funds are only part of their entitlement under the Plan and can be taken in addition to any post 1 July 1991 DB entitlement either as an open market option or a scheme pension or can be used as part of the pension commencement lump sum associated with members' DB pensions.

- AVCs with Prudential – this is a legacy money purchase AVC arrangement with Prudential that no longer accepts future contributions.

As the Plan is not being used as a qualifying scheme for automatic enrolment purposes, and there is no default fund for members' investments, the Trustees have applied an appropriate level of governance to meeting the relevant standards.

Within the 2023 and 2024 Chair Statements, the overall conclusion of our assessment was that the DC Section was representing poor value for members in relation to costs and charges, investment returns, and governance and administration. Therefore, the Trustees began working with our professional advisers to assess the options available to make improvements for members.

Aviva were unable to make the necessary improvements to enhance the value for members within the current Plan, and so we have begun the work required to move members' assets, and to close the DC Section.

Moves of this type are complex and require careful consideration and planning. This is a specialist area, and the Trustees have selected and appointed a legal adviser with sufficient experience to assist with this type of project.

In addition, the nature of the assets within the DC Section, the guarantees attached to some members' benefits, which is a DC underpin, along with the relatively small overall asset size of the DC Section of the Plan within the marketplace, makes finding a suitable replacement DC provider a lot more complex.

The Trustees are working with their legal and actuarial advisers to identify the most effective strategy to move members' assets to replacement pension arrangements, which will provide improved value for members.

It is still anticipated that any member's benefits that contain a pre-1991 DC underpin will be crystallised and placed into the main DB Section of the Plan, along with any remaining DC Section funds within the Aviva policy.

We have continued to progress the work with the Plan's legal and actuarial advisers to understand the options available to the Trustees. During the Plan year, the Trustees requested a detailed review of the Plan's benefit specification. This review, carried out by the Plan's legal advisers, highlighted several benefit-related issues that need to be addressed before the Trustees can proceed with the planned conversion as they will directly impact the value of any benefits to be converted. The work will continue into the next Plan year to devise the best way forward and to implement the relevant actions, enabling the completion of this work as soon as possible.

Feedback

If you have any questions about anything that is set out in this statement, or any suggestions about what can be improved, please do let us know.

Signed for and on behalf of the Trustees of the Colorcon Limited Staff Benefits Plan by Kevin Hughes, Chair of Trustees

Investment choices, including default investment arrangement

The Trustees are responsible for investment governance. This includes having a good working knowledge of investment matters relating to the Plan. We take professional advice from regulated investment advisers to manage any DC investments.

Setting an appropriate investment strategy

Details of the strategy and objectives of the default investment arrangement are recorded in a document called the Statement of Investment Principles. The Trustees will review this SIP at least every three years and without delay after each significant change in investment policy, The most recent SIP is dated August 2025, and a copy is attached to this statement.

Reviewing the investment arrangements

The Trustees are expected to review the strategy and objectives of any default investment arrangement regularly, and at least once every three years, and take into account the needs of the Plan membership when designing it.

Trustees are also required to include in the Chair's statement the percentage of assets in the default arrangement allocated to various types of asset class at different ages, as specified in legislation. This is to improve transparency so that members have access to all relevant information surrounding the investments being made with their pension savings and the outcomes these investments could have on their future retirement.

The investments within the Plan are not a default arrangement for the purposes of the Occupational Pension Schemes (Charges and Governance) Regulations 2015, because the Plan is not used as a qualifying scheme for automatic enrolment purposes.

As a result, no default investment strategy review was undertaken during the Plan year and there is no planned future date for such a review.

Self-select investment choices

The Trustees allow members to self-select from the following range of funds:

DC Section	Aviva Pension Managed Fund Aviva Life & Pensions UK Limited Secure Growth Fund Aviva Pension Cash Fund
AVCs with Prudential	Prudential With-Profits Cash Accumulation Fund Prudential Discretionary Fund Prudential International Equity Fund

Members may wish to take financial advice before choosing between these funds.

Further explanation of the With-Profits arrangements

Some members are invested in the Aviva Secure Growth Fund, which is a unitised With-Profits fund which each year accumulates at a regular interest rate as may be declared by Aviva. In addition, a terminal bonus, where applicable, may be added to a member's personal fund when money is withdrawn to provide benefits. The amount of terminal bonus depends, principally, on the investment performance of the underlying fund and cannot be guaranteed in advance. The rate of bonuses and therefore the rate of growth has not been guaranteed.

Investment returns on the Aviva Secure Growth Fund are distributed in the form of interest and bonuses which are designed to smooth out the fluctuations of the underlying investments.

The bonus setting and market value reduction process give returns to policyholders which fairly reflect the return on underlying assets. Aviva allows for a charge of 1.5% p.a. when declaring With-Profits bonus rates.

Further explanation of the With-Profits arrangements (continued)

A similar process will occur within the Prudential With-Profits Cash Accumulation Fund whereby charges on With-Profits business depend on the performance of the With-Profits fund and, in particular, the investment returns achieved, and expenses incurred. Over time, if investment returns are higher, the charges would be expected to be higher, and if investment returns are lower, the charges would be expected to be lower. With-Profits policyholders also incur a charge to pay for all the guarantees the With-Profits Cash Accumulation Fund supports by making a deduction each year when deciding regular and terminal bonuses. The annual charge is the allowance made for expenses, distributions to shareholders and profits or losses from other sources arising in the With-Profits Fund. During the year 2025, the annual charge was 1.00% of invested funds. The annual charge is reviewed each year as part of the process for setting bonus rates.

The Trustees take a proportionate approach to reviewing these investments based on the size of the funds invested compared to the overall value of benefits that the members hold within the Plan.

In addition, the Trustees note that both Aviva and Prudential have a With-Profits Committee for their With-Profits funds, who consider matters affecting the interests of the policyholders within each fund respectively, including fair pay-outs.

The Trustees periodically review these arrangements to ensure they continue to be fit for purpose and will continue to write directly to members who have such investments if there is anything of significance to make members aware of.

Charges and transaction costs paid by members

The Trustees are required to explain the charges and transaction costs (i.e., the costs of buying and selling investments in the DC Section and AVC arrangement) that are paid by members rather than the employer. In the DC Section and AVC arrangement, members typically pay for the provider administration costs, investment management and investment transactions, while the employer pays all the other costs of running the Plan, such as wider investment support and governance.

The investment management and transaction costs can be explained as follows:

- The total ongoing charges figure is the total cost of investing in any fund or strategy and includes the Annual Management Charge (direct charges) and any additional fund expenses (indirect charges).
- Transaction costs are the costs incurred as a result of the buying, selling, lending, or borrowing of investments within each fund. They include taxes and levies (such as stamp duty), broker commissions (fees charged by the executing broker in order to buy and sell investments) and the costs of borrowing or lending securities, as well as any differences between the actual price paid and the quoted 'mid-market price' at the time an order was placed. These costs will vary between members depending on the funds invested in, the transactions that took place within each fund and the date at which the transactions took place.
- In addition, there can be switching costs occurred as a result of the buying and selling of funds. This may relate either to member-driven trades (e.g. a self-select member switching their investment arrangements) or to automatic trades (e.g. those associated with fund switches resulting from progression along a lifestyle glidepath). These costs relate to the difference between the fund price used to place the trade and the price which would have applied to that fund on that day had the trade not been placed. These are implicit costs which are not typically visible to members.
- From 2017 Aviva introduced a manual ‘charge cap’ of 1% in respect of the Annual Management Charges of the Plan. This means that the current AMC of the Plan will not exceed 1% going forward. As the Plan’s standard AMC exceeds 1%, the charge cap will be applied to funds, from the 2017 cap inception date forward, on the settlement of any policy within the Plan. A refund amount, equal to the current AMC amount over 1% that was deducted since 2017, is added back on to any final settlement payment made by Aviva. The charge cap is not mentioned within the Aviva literature or stated within the Aviva plan Terms and Conditions, so it could change in future and is currently applied as a goodwill gesture by Aviva.

Charges and transaction costs paid by members (continued)

The level of ongoing charges applicable to the DC Section and AVC arrangement investment funds during the last Plan year were confirmed by the managers as being:

	Total charges		Transaction costs	
	% p.a. of the amount invested	£ p.a. per £1,000 invested	% p.a. of the amount invested	£ p.a. per £1,000 invested
DC Section with Aviva				
Aviva Pension Managed Fund	1.00% *	£10.00 *	0.14%	£1.40
Aviva Life & Pensions Limited Secure Growth Fund	1.00% *	£10.00 *	0.04%	£0.40
Aviva Pension Cash Fund	1.00% *	£10.00 *	0.03%	£0.30
AVCs with Prudential				
Prudential With-Profits Cash Accumulation Fund	^	^	-0.05%	(£0.50)
Prudential Discretionary S3 Fund	0.76%	£7.60	0.23%	£2.30
Prudential International Equity S3 Fund	0.76%	£7.60	0.21%	£2.10

Source: Aviva and Prudential

***** Inclusive of the Aviva 1% 'charge cap'

^For information on the Prudential With-Profits Cash Accumulation Fund please see 'Further explanation of the With-Profits arrangements' above.

In terms of switching costs, the funds used by the DC Section and AVC arrangement operate on a single-swinging price basis with no explicit switching costs charged to members. However, members may experience implicit switching costs whenever assets are sold.

These costs will vary between members depending on what switches took place for each member and the date at which these occurred. The Trustees are not able to track what costs have been incurred in practice for particular members.

Completeness of transaction cost information

Where information about the member costs and charges is not available, we have to make this clear to members together with an explanation of what steps we are taking to obtain the missing information.

The transaction costs to 30 June 2025 have been provided for all funds used by the DC Section.

Examples of the impact of costs and charges

We are required to provide illustrative examples of the cumulative effect over time of the application of the charges and costs on the value of a member's pension savings.

We were unable to obtain illustrations from the Prudential AVC arrangement because they concluded that the "AVCs that we manage are out of scope of the Occupational Pension Schemes (Administration and Disclosure) Regulations 2018, including the development and provision of illustrative examples for scheme use, as schemes where the only money purchase benefits are in respect of Additional Voluntary Contributions (AVCs) are exempt from the requirements of the regulations". Ongoing contributions are not made to the DC Section or the AVC arrangement.

Aviva has prepared the following examples, having taken account of the statutory guidance issued by the Department of Work and Pensions.

Examples of the impact of costs and charges (continued)

The table in this section provides an illustration showing the possible effect of costs and charges on an individual's pension savings. Aviva has confirmed the table shows how different cost and charges can impact the pension pot over certain periods, based on a selection of funds. It shows typical funds for the Plan. Under each investment fund, there are two columns. The first shows the projected pension values assuming no charges are taken. The second shows the projected pension values after costs and charges are taken. By comparing the two, members can see how charges over the years will impact their pension pot. For example, if a member started their pension at age 40 and expect to retire at 65, the figures at the end of year 25 would give an idea of the effect of charges over the 25 years a member is invested. The assumptions used are below.

Aviva's illustrations shown below are inclusive of the actual cost and charges applicable to the Plan because they have applied their 1% 'charge cap' (as described above) to their illustration.

The figures shown are not personal to members and do not show the actual pension benefits a member could get from the Plan. The table is only illustrating the cumulative effect of costs and charges on a notional investment pot. They do not reflect the level or nature of benefits members will be eligible for under the Plan. The purpose of a pension is to provide members with benefits at their chosen retirement age, which may not coincide with any of the years shown in the table. Aviva cannot predict exactly what will happen in the future, so they have had to make some assumptions which are explained below. The values shown may not represent members' own circumstances, are estimates and are not guaranteed.

A personal projection of a member's pension pot is included in their annual benefit statement, and they should read that to get an individual view of their projected pension benefits.

Illustration of effect of cost and charges for your scheme: Colorcon Limited Staff Benefits Plan						
Assumed current pension pot value						£20,000
			Lowest Charge Fund		Highest Charge Fund	
	Av Managed		Av Cash		Av Secure Growth Fund	
	Assumed costs and charges of 1.17% a year		Assumed costs and charges of 1.05% a year		Assumed costs and charges of 1.54% a year	
	Assumed growth rate of 6% a year		Assumed growth rate of 2% a year		Assumed growth rate of 4% a year	
At end of year	Projected value assuming no charges taken	Projected value with charges taken	Projected value assuming no charges taken	Projected value with charges taken	Projected value assuming no charges taken	Projected value with charges taken
1	£20,600	£20,400	£19,900	£19,600	£20,200	£19,900
3	£22,100	£21,300	£19,700	£19,100	£20,800	£19,900
5	£23,600	£22,300	£19,500	£18,500	£21,500	£19,900
10	£27,900	£25,000	£19,000	£17,100	£23,100	£19,900
15	£33,000	£28,000	£18,500	£15,900	£24,800	£19,800
20	£39,100	£31,300	£18,100	£14,700	£26,700	£19,800
25	£46,200	£35,000	£17,600	£13,600	£28,700	£19,800
30	£54,700	£39,200	£17,200	£12,600	£30,900	£19,700
35	£64,700	£43,900	£16,800	£11,700	£33,200	£19,700
40	£76,600	£49,100	£16,400	£10,800	£35,700	£19,700

Source: Aviva

For these illustrations, Aviva has assumed:

- A starting pot of £20,000 in the Plan. It does not assume any ongoing contributions into the pension pot.
- The figures illustrate the pension pot in 'today's money' which means they take inflation into account by reducing values at 2.5% a year. This shows what the figures could be worth today, but actual inflation could be more or less than this. It is important to note that inflation reduces the worth of all savings and investments. The effect of this is shown in the illustration and could mean the fund may reduce as well as grow in 'todays money'.

Past performance of the investment funds

Aviva and Prudential have calculated the return on investments (after the deduction of any charges and transaction costs paid for by the members). We have shown this information for each self-select fund which members are able to select and in which members have been invested during the year.

The net returns for the period ending 30 June 2025 are shown in the tables below and have been included to help members understand how their investments are performing. Please note that past performance is no indicator of future performance. Aviva and Prudential have prepared the following tables, in line with the requirements of the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 and having taken account of the statutory guidance issued by the Department of Work and Pensions[1].

Aviva annualised net returns (%) for the self-select funds over periods to 30 June 2025 and 31 December 2024:

Annualised returns net of charges for a single investment of £10,000 in your scheme - Colorcon Limited Staff Benefits Plan					
	One year (annualised)	**Five years (annualised)**	**Ten years (annualised)**	**Fifteen years (annualised)**	**Twenty years (annualised)**
Time period (start date - end date)	**30/06/2024 - 30/06/2025**	**30/06/2020 - 30/06/2025**	**30/06/2015 - 30/06/2025**	**30/06/2010 - 30/06/2025**	**30/06/2005 - 30/06/2025**
Aviva Pension Managed Fund	3.2%	3.6%	2.9%	3.9%	3.5%
Aviva Pension Cash Fund	2.5%	0.2%	-0.9%	-1.2%	-0.5%
	One year (annualised)	**Five years (annualised)**	**Ten years (annualised)**	**Fifteen years (annualised)**	**Twenty years (annualised)**
Time period (start date - end date)	**31/12/2023 - 31/12/2024**	**31/12/2019 - 31/12/2024**	**31/12/2014 - 31/12/2024**	**31/12/2009 - 31/12/2024**	**31/12/2004 - 31/12/2024**
Aviva Life & Pensions Ltd Secure Growth Fund *	4.7%	1.6%	3.9%	5.9%	5.6%

Source: Aviva

[1] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994897/completing-the-annual-value-for-members-assessment-and-reporting-of-net-investment-returns.pdf

Past performance of the investment funds (continued)

Please note the following points:

- Returns net of all costs and charges have been calculated in line with the requirements of the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 and accompanying statutory guidance.
- The charges assumed are those currently applicable to a single contribution of £10,000 paid into your scheme at the beginning of the reporting period.
- Returns are annualised geometric means over the time periods displayed. For example, if a net fund return over a 5-year period was 15.9% this would be shown as 3% p.a. in the '5 year' column.
- Returns are net of all costs and charges borne by members. Both initial (where applicable) and ongoing charges are included in the returns provided. When comparing charges, you should ensure that comparator schemes have included all charges, including any initial contribution-based charges, in the same way.
- The net returns reflect the current charge arrangement. These charges could vary in the future.
- Where fixed £ charges are taken on a per policy basis the assumption has been that the policy is invested in one fund only. Where, in practice, policies are invested in more than one fund, the net return on each fund would be higher.
- Depending on the scheme and product, charges may include:
  - Fund based charges, including but not limited to: Fund management charges, additional fund expenses, asset transaction costs
  - Scheme based charges: Product fees or percentage unit deductions
  - Initial investment expenses: Allocation rates or bid-offer spread
- Aviva Secure Growth Fund. Aviva are now reporting on sub-fund data which is published annually at year end and is most relevant to the members in a scheme. While providing information to 31 December 2024, the above figures therefore correspond to the 30 June 2025 valuation date. The returns above are for the assets in the With Profits sub-fund(s) and are not applicable to any individual policy or plan and they do not take into account any policy charges or admin expenses. They are calculated "before tax" and are applicable to pension policies. For members, the variations in performance are evened out through changes to the bonus rates that apply. This is known as smoothing. The final bonus rate a member will receive depends on when they exit the fund. Members may also have guarantees if certain events happen on particular dates (as shown in their policy documents) which can enhance the amount they receive. For example, it may be the chosen retirement date when the policy was started. The above is the most relevant information available at scheme level for With Profits investments. This may be enhanced in the future in line with any updates to the statutory guidance. Note, figures are before any deduction for investment expenses. As a result of changes to regulatory reporting, the Secure Growth Fund was categorised as with-profits in 2016.

Prudential annualised net returns (%) for the self-select funds over periods to 30 June 2025:

Annualised returns net of charges for a single investment of £10,000 in your scheme - Colorcon Limited Staff Benefits Plan			
	One year (annualised)	**Three years (annualised)**	**Five years (annualised)**
Time period (start date - end date)	**30/06/2024-30/06/2025**	**30/06/2022-30/06/2025**	**30/06/2020-30/06/2025**
Prudential S3 Discretionary Pension	6.5%	6.9%	6.3%
Prudential S3 International Equity Pension	8.4%	11.0%	10.6%
Prudential With-Profits Cash Accumulation Fund	2.5%	2.2%	1.7%

Source: Prudential

Past performance of the investment funds (continued)

Please note the following points:

- The figures outlined in the table are based on a starting fund size of £10,000, with no further contributions and a calculation date of 30 June 2025.
- The net investment return is calculated using your fund profile applicable in the Plan year ending 30 June 2025.
- The net investment return is an annualised figure. For example, if the net investment return is 4% per annum over 5 years, the overall net investment return is approximately 22%, taking into account compounding the annual net investment return.
- The net investment returns calculation basis assumes the policy status is in-force over the reporting period.
- The net investment return for With-Profits funds may appear low (or negative in some instances). Final bonus is not included in the net investment return calculation as it is not applied until the policy is out of force. The split between Regular Bonus and Final Bonus will depend on the bonus strategy for each With-Profits fund, but it's often the case that most of the growth is allocated to Final Bonus.
- As part of Prudential's regular review to improve their products, many of the charges that have been considered as part of the net investment return calculations (for the historic period) are no longer applicable/applied.
- Further details of the charge information and fund prices can be accessed via pru.co.uk/funds.
- Past fund performance is not an indicator to future fund performance.

Core financial transactions

The Trustees are required to report to members about the processes and controls in place in relation to 'core financial transactions'. The law specifies that these include the following:

- investing contributions paid into the DC Section and AVC arrangement;
- transferring assets relating to members into and out of the DC Section and AVC arrangement;
- transferring assets between different investments within the DC Section and AVC arrangement; and
- making payments from the DC Section and AVC arrangement to, or on behalf of, members.

We must ensure that these important financial transactions are processed promptly and accurately. In practice we delegate responsibility for this to the administrators of the DC Section and AVC arrangement.

Administration of the DC Section is currently delivered by Aviva, while administration of the AVC arrangement is delivered by Prudential. This administration service includes key financial tasks such as paying benefits (or making transfers) and arranging disinvestments of designated investments.

These administrators are required to carry out services in accordance with good industry practice, and to ensure transactions are carried out in a timely and effective manner. Aviva has confirmed that their service standards are to provide scheme information within eight working days, and policy level information, payments out, and transfers within five working days.

In order to monitor this service, the Trustees receive reports confirming the statistics on the level of service that is provided in comparison to agreed targets and timescales as well as information on events such as transactions. The Trustees monitor transactions made via the Trustees' bank account on a regular basis.

Core financial transactions (continued)

The Trustees are aware of some material administration service issues discussed in the last Plan year which need to be reported here. The administration challenges during the Plan year ended 30 June 2025, were specific issues around:

- continued delays in Aviva responses, impacting on the ability of the pension scheme administration service providers to provide information to members on their benefit entitlements; and;
- delays impacting the settlement of transferring and retirement benefit claims.

Of the nine financial transactions processed by Aviva in the Plan year ended 30 June 2025, five were completed within their service standard of five working days. Additionally, only six of the nine financial transactions were completed correctly, and Aviva received two complaints in the reporting period.

As a result, some of the core financial transactions for the Plan year to 30 June 2025 have not been processed within a reasonable time nor accurately. These issues have been raised with Aviva to resolve.

Trustee knowledge and understanding

The Plan is overseen by a board of Trustees. The Trustees are drawn from a variety of backgrounds with skills and knowledge which complement each other and provide a diverse Trustee Board.

The law requires the Trustees to be conversant with the Plan's documents and to possess, or have access to, sufficient knowledge and understanding of the law relating to pensions and trusts and the principles relevant to funding and investment to be able to run the Plan effectively.

The Trustees are aware that we must have a working knowledge of the trust deed and rules of the Plan, the statement of investment principles and the documents setting out the Trustees' current policies. We are also aware that we must have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes. The Trustees do this by regular training sessions at meetings and attending online seminars.

We take our training and development responsibilities seriously and keep a record of the training completed by each member of the Trustee Board.

Trustee knowledge and understanding (continued)

During the Plan year the following training and development activities have taken place:

- The training log is reviewed regularly at Trustee meetings to identify any gaps in the knowledge and understanding across the Trustee Board as a whole. During the Plan year the Trustees received training and information on topics including:
  - Actuarial valuation method and assumptions
  - Actuarial factors/ CETV basis
  - Setting a long-term objective
  - Longevity improvements
  - Effective System of Governance
  - Various legal topic updates
  - The Pension Regulator's new DB funding code
  - Dispute resolution procedures – changes at the Pensions Ombudsman
  - Interest rate and inflation hedging
  - The Pension Regulator's annual funding statement
  - Risk transfer update
  - Risk management function

- Trustees have to complete The Pensions Regulator's on-line trustee toolkit. New trustees are required to complete the toolkit within six months of becoming a member of the Trustee Board. Trustees must review the toolkit on an on-going basis to ensure our knowledge remains up to date. An induction process is in place for any newly appointed trustees.

- The Trustees receive "on-the-job" training. This means that as new topics arise our professional advisers attending the Trustee meetings will provide wider briefing notes and topical digests, as well as training during the meeting so that the Trustees may engage on such topics in an informed manner.

- The Trustees are also provided with any topical updates at every meeting covering recent and ongoing developments including legal and regulatory matters.

Relevant advisers attend meetings and are in frequent contact with the Trustee Board to provide information on topics under discussion, either specific to the Plan or in respect of pension or trust law.

The Trustees meet all the knowledge and understanding requirements and understand the Plan and its documents.

As a result of the training activities which have been completed by the Trustee Board individually and collectively and taking into account the professional advice available to the Trustees, I am confident that the combined knowledge and understanding of the Trustees enables us to properly exercise our functions as Trustees.

Assessing value for members

The Trustees have carried out a detailed value for members assessment which applies to the DC Section. The assessment involves a comparison of our reported costs and charges and net investment returns with three other schemes, and a consideration of key governance and administration criteria.

In carrying out the assessment, the Trustees have paid regard to the Department for Work and Pensions' statutory guidance on Completing the Annual Value for Members Assessment and Reporting Net Investment Returns.

This section sets out the approach that the Trustees have taken, the conclusions we have reached and an explanation of how and why we have reached those conclusions.

Selecting comparison schemes

In order to carry out the value for members assessment, the Trustees select three comparison schemes. We conducted an appropriate selection process with our pension advisers who have the relevant market knowledge of DC pension arrangements. The comparison schemes selected were all greater than £100 million in size and of a different structure to the DC Section to ensure that a meaningful comparison was made with a larger pension arrangement. For example, we selected schemes which have purely DC benefits or schemes which are used for automatic enrolment.

When approached, most pension providers in the market were unable to provide terms for this DC Plan, due to the nature of the assets and its considerably small overall asset size within the marketplace. Discussions have taken place with one of the comparator providers, who will be able to accept a transfer of the members' rights if the DC Section should ever be wound up.

The outcomes from our assessment

Test 1: Costs and charges

The Trustees have identified the costs and charges that members pay for directly as well as the costs and charges that are paid for by the employer. As indicated earlier in this statement, the costs and charges that are paid by members are the provider administration costs, fund management charges and transaction costs for the investment funds used within the DC Section.

For all other costs and charges, the employer bears the full cost. This covers such areas as:

- wider investment support and governance (e.g., the costs of regularly reviewing and updating funds available to members, etc)
- the management and governance of the Plan (e.g. the expenses of the Trustees, the costs of legal/actuarial advisers and annual audit, etc).

The Trustees have gathered information about costs and charges from the three comparison schemes and compared them with the costs and charges paid by the members directly in the DC Section. The costs and charges for the Plan year to 30 June 2025 have been gathered for the analysis. Both the NEST and the Aviva My Money Master Trusts are unable to provide transaction costs to 30 June 2025 and have provided transaction costs to 31 March 2025.

We have compared each of the Aviva self-select funds with the default funds and the nearest comparable funds in the three comparison schemes. Within the comparator default funds, we have displayed the funds which members would be invested in at five years prior to the normal retirement age, as this reflects the DC Plan's demographics.

Assessing value for members (continued)

A summary of the comparison is shown in the table(s) below.

Scheme	Charges	Transaction costs	Total of costs and charges
The Plan - Aviva Pension Managed Fund	1.00%*	0.14%	1.14%*
Comparator A - The People's Pension Global Investments (up to 85% shares) Fund ***	0.50%	0.09%	0.59%
Comparator B - Nest 2029 Target Date Fund**	0.30%	0.05%	0.35%
Comparator C – Aviva MyM My Future Growth (Pre-2025) **	0.69%	0.08%	0.77%
Average of the three comparison schemes	0.50%	0.07%	0.57%

Scheme	Charges	Transaction costs	Total of costs and charges
The Plan - Aviva Life & Pensions UK Limited Secure Growth Fund	1.00%*	0.04%	1.04%*
Comparator A – The People's Pension - Global Investments (up to 60% shares) Fund***	0.50%	0.07%	0.57%
Comparator B – Nest Guided Retirement Fund – Safe Fund**	0.30%	0.01%	0.31%
Comparator C – Aviva MyM My Future Consolidation **	0.69%	0.04%	0.73%
Average of the three comparison schemes	0.50%	0.04%	0.54%

Scheme	Charges	Transaction costs	Total of costs and charges
The Plan - Aviva Cash Fund	1.00%*	0.03%	1.03%*
Comparator A – The People's Pension – Cash Fund***	0.50%	0.00%	0.50%
Comparator B – Nest Guided Retirement Fund – Wallet Fund**	0.30%	0.02%	0.32%
Comparator C – Aviva MyM BlackRock Sterling Liquidity **	0.65%	0.01%	0.66%
Average of the three comparison schemes	0.48%	0.01%	0.49%

Source: Aviva, the People's Pension and Nest
* *Inclusive of the Aviva 1% 'charge cap'*
*** Nest and Aviva MyM transaction costs provided are to 31 March 2025 and not to 30 June 2025*
**** The People's Pension also has a charge of £4.50 per member for pots over £104.50 and tiered rebate for savings over £3,000 (as at 30 June 2025). Transaction costs are the average of the previous 5 years as of 31 March 2025.*

Assessing value for members (continued)

Comparison results

Our conclusion on costs and charges is that the total charges and transaction costs across the Plan's funds are higher than the average for the comparator schemes and this cannot be mitigated by higher investment returns (as shown in the next section), so it would be reasonable to assume that the DC Section as a whole represents poor value for members from a costs and charges perspective.

Test 2: Investment returns (fund performance)

The Trustees have included past performance of the investment funds for the DC Section earlier in this statement.

The Trustees have also gathered information about investment returns (after the deduction of any charges and transaction costs) from the three comparison schemes and compared them with the net investment returns in the DC Section. We have compared the funds in the DC Section with the nearest comparable funds in the three comparison schemes.

The Trustees have compared net investment returns both in the short term (over a one-year period) to the Plan year ending 30 June 2025 to give an immediate indication of performance trend, and over a longer more sustained term (over a five-year period), for which broadly comparable data could be found.

A summary of the comparison is shown in the table below.

DC Section – Aviva	**Aviva Pension Managed Fund**	**Aviva Life & Pensions UK Limited Secure Growth Fund**	**Aviva Pension Cash Fund**
Net investment return over 1 year to 30/6/2025*	3.2%	4.7%	2.5%
Net investment return over 5 years to 30/6/2025*	3.6%	1.6.%	0.2%
Comparator A – The People's Pension	**Global Investments (up to 85% shares) Fund**	**Global Investments (up to 60% shares) Fund**	**Cash Fund**
Net investment return over 1 year to 30/6/2025	9.87%	8.65%	4.41%
Net investment return over 5 years to 30/6/2025	7.81%	5.40%	2.25%
Comparator B – Nest	**Nest 2029 Retirement fund**	**Nest Guided Retirement Fund – Safe Fund**	**Nest Guided Retirement Fund – Wallet Fund**
Net investment return over 1 year to 30/6/2025	8.10%	4.70%	4.70%
Net investment return over 5 years to 30/6/2025	7.40%	2.40%	2.50%

Assessing value for members (continued)

Comparator C – Aviva Master Trust	Aviva MyM My Future Growth (Pre-2025)	Aviva MyM My Future Consolidation (pre 2025)	Aviva MyM BlackRock Sterling Liquidity
Net investment return over 1 year to 30/6/2025	6.30%	4.5%	4.2%
Net investment return over 5 years to 30/6/2025	8.90%	2.2%	2.00%
	Average of the three comparison schemes	**Average of the three comparison schemes**	**Average of the three comparison schemes**
Net investment return over 1 year to 30/6/2025	8.09%	5.98%	4.44%
Net investment return over 5 years to 30/6/2025	7.94%	3.33%	2.25%

Source: Aviva, the People's Pension and Nest
**The Aviva net returns have been calculated with the Aviva 1% charge cap being applied*

^Aviva Secure Growth Fund. Aviva are now reporting on sub-fund data which is published annually at year end and is most relevant to the members in a scheme. While providing information to 31 December 2024, the above figures therefore correspond to the 30 June 2025 valuation date. The returns above are for the assets in the With Profits sub-fund(s) and are not applicable to any individual policy or plan and they do not take into account any policy charges or admin expenses. They are calculated "before tax" and are applicable to pension policies. For members, the variations in performance are evened out through changes to the bonus rates that apply. This is known as smoothing. The final bonus rate a member will receive depends on when they exit the fund. Members may also have guarantees if certain events happen on particular dates (as shown in their policy documents) which can enhance the amount they receive. For example, it may be the chosen retirement date when the policy was started. The above is the most relevant information available at scheme level for With Profits investments. This may be enhanced in the future in line with any updates to the statutory guidance. Note, figures are before any deduction for investment expenses. As a result of changes to regulatory reporting, the Secure Growth Fund was categorised as with-profits in 2016.

Comparison results

The net return figures for all three Aviva Funds are lower than the average for comparator funds.

Our conclusion on net investment performance is that the net investment returns across the funds offered by the DC Section in which members are invested are lower than the comparator schemes, so it would be reasonable to assume that the DC Section represents poor value for members from an investment returns perspective.

Test 3: Governance and administration

The Trustees have assessed the value delivered by our governance and administration offering as the third and final part of our assessment of value for members, together with costs and net returns. Effective scheme governance is essential for the operational and financial sustainability of the DC Section and AVC arrangement, providing good outcomes from investment, and for the trust and confidence of our members.

Our assessment for governance and administration is based on seven key metrics as prescribed by legislation and does not involve a comparison with other schemes. We have, however, taken advice from our pensions advisers as a reference for 'best practice' along with requirements set out by the Department for Work and Pensions.

Assessing value for members (continued)

Metric	Description	Rating
1.	Promptness and accuracy of core financial transactions	Metric not satisfied
2.	Quality of record keeping	Metric satisfied
3.	Appropriateness of the default investment strategy	Metric not satisfied but no default is applicable to this Plan
4.	Quality of investment governance	Metric not satisfied
5.	Level of trustee knowledge, understanding and skills to operate the pension scheme effectively	Metric satisfied
6.	Quality of communication with scheme members	Metric satisfied
7.	Effectiveness of management of conflicts of interest	Metric satisfied

Having considered all seven metrics within the theme of governance and administration, the Trustees have concluded that the overall governance and administration of the DC Section provides poor value for members.

Overall conclusion

The conclusion of our assessment is that, under the updated statutory guidance, the DC Section continues to represent poor value for members in relation to costs and charges, investment returns and governance and administration and the Trustees intend to complete a transfer of member's assets out of the DC Section.

Follow-on actions and investigations

As the Trustees are unable to improve the value for members within the Plan, over the following Plan year to 30 June 2026, the Trustees intend to continue the work commenced in the prior Plan year with our legal and actuarial advisers, to agree and progress the required work to convert and crystalise any benefits with a DC underpin and provide these benefits within the DB Section of the Plan.

The Colorcon Limited Staff Benefits Plan

Statement of Investment Principles

August 2025

Preface

Scheme background

This Statement of Investment Principles (the ‘SIP’) details the principles governing investment decisions for the Colorcon Limited Staff Benefits Plan (the ‘Plan’).

The Plan operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries, and provides benefits calculated on a defined benefit (DB) basis. The Plan is closed to new entrants and future accrual. Following Plan closure the ex-active members retain a salary-link until retirement or leaving service, whichever occurs first.

Regulatory requirements and considerations

Under the Pensions Act 1995 (the ‘Act’) and subsequent legislation, principally the Occupational Pension Schemes (Investment) Regulations 2005 (the ‘Investment Regulations’), the Trustees must secure that a written statement of the principles governing investment decisions is prepared and maintained for the Plan.

This SIP also reflects the requirements and recommendations within The Pensions Regulator's general code of practice, in respect of the DB assets and any additional voluntary contribution (AVC) arrangements. The Trustees are responsible for all aspects of the operation of the Plan including this SIP.

In agreeing their investment strategy, the Trustees have had regard to:

- The requirements of the Act concerning suitability and diversification of investments and the Trustees will consider those requirements on any review of this SIP or any change in the investment policy.
- The requirement of the Investment Regulations: in particular that assets held to cover the Plan’s technical provisions must also be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Plan.

Responsibilities and appointments

Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Plan. The Trustees draw on the expertise of external persons and organisations including the investment consultant, investment managers and the Scheme Actuary. Full details are set out in this SIP.

Consultation

In accordance with the Act, the Trustees have obtained and considered written advice from Gallagher (Administration & Investment) Limited (the investment consultant) prior to the preparation (or revision) of this SIP and have consulted Colorcon Limited (‘the Sponsoring Employer’). However, it should be noted that neither the Trustees (nor any investment manager to whom they have delegated any discretion to make decisions about investments) shall require the consent of the Sponsoring Employer to exercise any investment power.

History and review

The Trustees will review this SIP at least every three years and without delay after each significant change in investment policy, taking note of any changes in the Plan’s liabilities. Once agreed, and after consultation with the Sponsoring Employer, a copy of this SIP will be given to the Scheme Actuary, published online and will be made available to Plan members on request. This SIP replaces the version dated January 2023.

Contents

Statement of Investment Principles

Investment governance structure

All investment decisions are taken by the Trustee Board as a whole. The Trustees believe that collective responsibility is the appropriate structure, given the size of the board, except for specific projects when an investment sub-committee may be set up. The Trustees will undertake training where appropriate to ensure they have the necessary expertise to take the decisions required and to evaluate critically the advice received.

All investment decisions relating to the Plan are under the control of the Trustee Board without constraint by the Sponsoring Employer. The Trustees will consult with the Sponsoring Employer when changing this SIP.

All day-to-day investment decisions are delegated to a properly qualified and authorised investment manager of pension scheme portfolios. An insurance contract has been exchanged with the investment manager and is reviewed from time-to-time to ensure that the manner in which the manager makes investments on behalf of the Trustees is suitable for the Plan, and appropriately diversified.

Investment strategy and objectives

The Plan's investment strategy has been agreed by the Trustees having taken advice from the investment consultant in relation to the suitability of investments and the need to diversify and takes due account of the Plan's liability profile along with the level of disclosed surplus or deficit.

The agreed investment strategy is based on an analysis of the Plan's liability profile, the required investment return and the returns expected from the various asset classes over the long-term. Long-term returns from equities are expected to exceed the returns from bonds and cash, although returns and capital values may demonstrate higher volatility. The Trustees are prepared to accept this higher volatility in order to aim to achieve the overall investment objectives.

The Trustees' primary objectives are:

- To maintain the stability of the Plan's funding level on a prudent calculation basis as far as practicable.
- To provide an appropriate level of liquidity to meet the Plan's cashflow requirements.
- To provide appropriate security for all beneficiaries.
- To achieve an appropriate balance between risk and return with regards to the cost of the Plan and the security of the benefits.

The Trustees have translated their objectives into a suitable strategic asset allocation benchmark for the Plan, details of which are included in the appendices of this SIP.

In accordance with the Financial Services & Markets Act 2000, the Trustees are responsible for setting the general investment policy, but the responsibility for all day-to-day investment management decisions has been delegated to an investment manager authorised under the Act. Details are included in the appendices of this SIP.

The Trustees are responsible for reviewing both the Plan's asset allocation and investment strategy as part of each actuarial valuation in consultation with the Plan's investment consultant. The Trustees may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where necessary.

The Trustees consider the Plan's current asset allocation to be consistent with the current financial position of the Plan. This assessment is in reference to the funding position on the Solvency basis as set out in the 30 June 2024 Actuarial Valuation Scheme Funding Report.

The Trustees' policy in relation to the kinds of investments to be held
The Trustees have full regard to their investment powers as set out in Clause 10 of the Trust Deed and Rules dated September 1996.

The Plan may invest in quoted and unquoted securities of UK and overseas markets including:

- Equities.
- Fixed interest and index-linked bonds.
- Cash.
- Other pooled investment vehicles considered appropriate for tax-exempt registered occupational pension schemes.

The Trustees have considered the attributes of the various asset classes (including derivative instruments), these attributes being:

- Security (or quality) of the investment.
- Yield (expected long-term return).
- Spread (or volatility) of returns.
- Term (or duration) of the investment.
- Exchange rate risk.
- Marketability/liquidity (i.e. the tradability on regulated markets).
- Taxation.

The Trustees consider all of the stated classes of investment to be suitable to the circumstances of the Plan. The Plan invests in pooled funds, other collective investment vehicles and cash. The Trustees have made the decision to invest the majority of assets in pooled funds because:

- The Plan is not large enough to justify direct investment on a cost-effective basis.
- Pooled funds allow the Trustees to invest in a wider range of assets, which serves to reduce risk.
- Pooled funds provide a more liquid form of investment than certain types of direct investment.

The Trustees' policy in relation to the balance between different kinds of investments
The appointed investment manager will hold a diversified mix of investments in line with their agreed benchmark and within their discretion to diverge from the benchmark. Within each major market the manager will maintain a diversified portfolio of securities. Full details are set out in Appendix 1 of this SIP.

The Trustees' policy in relation to the expected return on investments
The investment strategy is believed to be capable of exceeding, in the long run, the overall required rate of return assumed in the Scheme Actuary's published actuarial valuation report in order to reach / maintain a fully funded status under the agreed assumptions.

The Trustees' policy in relation to the realisation of investments
In the event of an unexpected need to realise all or part of the assets of the portfolio, the Trustees require the investment manager to be able to realise the Plan's investments in a reasonable timescale by reference to the market conditions existing at the time the disposal is required and subject to the best interests of the Plan. The majority of the assets are not expected to take an undue time to liquidate.

The Trustees' policy in relation to financially material considerations
The Trustees expect their investment manager, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process.

The Trustees review, from time to time, the investment manager's policies in respect of financially material considerations.

The Trustees' policy in relation to the extent to which non-financial matters are taken into account
The Trustees' objective is that the financial interests of the Plan members is their first priority when choosing investments. The Trustees have decided not to take members' preferences into account when considering these objectives.

Risk capacity and risk appetite

The Trustees, after seeking appropriate investment advice, have selected an investment strategy for the Plan (see Appendix 1).

Subject to the respective benchmarks and guidelines (shown in Appendix 1) the investment manager is given full discretion over the choice of stocks and are expected to maintain diversified portfolios.

The Trustees are satisfied that the investments selected are consistent with their investment objectives, particularly in relation to diversification, risk, expected return and liquidity.

The Trustees' policy in relation to risks
The Trustees consider the main risk to be that of the assets being insufficient to meet the Plan's liabilities as they fall due. The Trustees have assessed the likelihood of undesirable financial outcomes arising in the future.

Investment policies are set with the aim of having sufficient and appropriate assets to cover the Plan's Technical Provisions, and to avoid undue volatility in the Plan's funding level on a solvency basis.

In determining their investment strategy, the Trustees received advice from the investment consultant on the level of investment risk relative to the Plan's liability profile. Taking this into account, along with the expected returns underlying the most recent actuarial valuation, the strategy outlined in Appendix 1 of this SIP has been adopted.

Although the Trustees acknowledge that the main risk is that the Plan will have insufficient assets to meet its liabilities, the Trustees recognise other contributory risks, including the following. Namely the risk:

- Associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors.
- Of the Plan having insufficient liquid assets to meet its immediate liabilities.
- Of the investment manager failing to achieve the required rate of return.
- Due to the lack of diversification of investments.
- Of failure of the Plan's Sponsoring Employer to meet its obligations.

The Trustees manage and measure these risks on a regular basis via actuarial and investment reviews, and in the setting of investment objectives and strategy.

The Trustees undertake monitoring of the investment manager's performance against their targets and objectives on a regular basis.

The majority of the funds in which the Trustees invest have a stated performance objective against which investment performance will be measured. These are shown in Appendix 1. Within each asset class, the investment manager is expected to maintain a portfolio of securities (or funds), which ensures that the risk being accepted in each market is broadly diversified.

The divergence of the actual distribution of the investments from the benchmark weighting for each fund will be monitored by the Plan's investment manager. The Plan's asset allocation will be discussed periodically with the investment consultant.

Stewardship in relation to the Plan's assets

The Trustees have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

The Trustees' policy in relation to engagement and monitoring (including peer to peer engagement)
The Trustees' policy is to delegate responsibility for engaging and monitoring investee companies to the investment manager and they expect the investment manager to use their discretion to maximise financial returns for members and others over the long term.

As all of the investments are held in pooled vehicles, the Trustees do not envisage being directly involved with peer to peer engagement in investee companies.

The Trustees' policy in relation to voting rights
The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attached to investments to the investment manager and to encourage the manager to exercise those rights. The investment manager is expected to provide regular reports for the Trustees detailing their voting activity.

Investment management monitoring

The Trustees will assess the performance, processes and cost effectiveness of the investment manager by means of regular, but not less than annual, reviews of the results and other information, in consultation with the investment consultant.

All investment decisions, and the overall performance of the investment manager, is monitored by the Trustees with the assistance of the investment consultant.

The investment manager will provide the Trustees with quarterly statements of the assets held along with a quarterly performance report. The investment manager will also report orally on request to the Trustees.

The investment manager will inform the Trustees of any changes in the internal performance objective and guidelines of any pooled funds used by the Plan as and when they occur.

The Trustees will assess the quality of the performance and processes of the investment manager by means of a review at least once every three years in consultation with the investment consultant.

The Trustees receive an independent investment performance monitoring report from the investment consultant on a quarterly basis.

Appropriate written advice will be taken from the investment consultant before the review, appointment or removal of the investment manager.

The Trustees' policy in relation to their investment managers
In detailing below the policies on the investment manager arrangements, the over-riding approach of the Trustees is to select investment managers that meet the primary objectives of the Trustees. As part of the selection process and the ongoing review of the investment manager, the Trustees consider how well the investment manager meets the Trustees' policies and provides value for money over a suitable timeframe.

- **How the arrangement incentivises the investment manager to align its investment strategy and decisions with the Trustees' policies**

  The Trustees have delegated the day to day management of the Plan's assets to an investment manager. The Plan's assets are invested in pooled funds which have their own policies and objectives and charge a fee, agreed with the investment manager, for their services. Such fees incentivise the investment manager to adhere to their stated policies and objectives.

- **How the arrangement incentivises the investment manager to engage and take into account financial and non-financial matters over the medium to long-term**

  The Trustees, in conjunction with their investment consultant, appoint their investment manager to meet specific Plan policies. They expect the investment manager to make decisions based on assessments about the financial performance of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Plan's performance) over an appropriate time horizon.

  The Trustees also expect their investment manager to take non-financial matters into account as long as the decision does not involve a risk of significant detriment to members' financial interests.

- **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 trustees' investment policies**

  The Trustees expect their investment manager to invest the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. The Trustees review the investment manager periodically. These reviews incorporate benchmarking of performance and fees. Reviews of performance focus on longer-term performance (to the extent that is relevant), e.g. looking at five years of performance.

  If the Trustees determine that an investment manager is no longer managing the assets in line with the Trustees' policies they will make their concerns known to the investment manager and may ultimately disinvest.

  The Trustees pay their investment manager a management fee which is a fixed percentage of assets under management.

  Prior to agreeing a fee structure, the Trustees, in conjunction with their investment consultant, consider the appropriateness of this structure, both in terms of the fee level compared to that of other similar products and in terms of the degree to which it will incentivise the investment manager.

- **How the trustees monitor portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover or turnover range**

  The Trustees, in conjunction with their investment consultant, have processes in place to review investment turnover costs incurred by the Plan on an annual basis. The Trustees receive a report which includes the turnover costs incurred by the investment manager used by the Plan.

  The Trustees expect turnover costs of the investment manager to be in line with their peers, taking into account the style adopted by the investment manager, the asset classes invested in and prevailing market conditions.

  The Trustees do not explicitly monitor turnover, set target turnover or turnover ranges. The Trustees believe that the investment manager should follow their stated approach with a focus on risk and net return, rather than on turnover. In addition, the individual mandates are unique and bespoke in nature and there is the potential for markets to change significantly over a short period of time.

- **The duration of arrangements with investment managers**
  The Trustees do not in general enter into fixed long-term agreements with their investment managers and instead retain the ability to change investment manager should the performance and processes of the investment manager deviate from the Trustees' policies. However, the Trustees expect their manager appointments to have a relatively long duration, subject to the manager adhering to its stated policies, and the continued positive assessment of its ability to meet its performance objective.

Employer-related investments

The Trustees will not make direct investments in the Sponsoring Employer's own securities. The amount of the Sponsoring Employer's securities owned by the pooled investment vehicles invested in is monitored. The Trustees have delegated the responsibility for the exercising of any voting rights attached to any Sponsoring Employer investment held to the investment managers.

Additional voluntary contributions (AVCs)

The Trustees have full discretion as to the appropriate investment vehicles made available to members of the Plan for their voluntary contributions. Only investment vehicles normally considered suitable for voluntary contributions will be considered by the Trustees, having taken appropriate written advice from properly qualified and authorised advisers.

The Trustees will monitor the performance of the AVC providers periodically. Members are directed to seek independent financial advice when considering their AVC arrangements.

The AVC funds used by Plan members are set out below:

AVC Provider	Investment Options
Prudential Plc	With Profits Cash Accumulation Fund
	Discretionary Fund
	International Equity Fund

This is a legacy arrangement that no longer accepts contributions.

Appointments and responsibilities

This section sets out the key appointments and responsibilities with respect to the investment aspects of the Plan.

A full list of the Plan's advisers is provided at the front of the Plan's Annual Report and Financial Statements. However, at the time of writing this SIP:

- The investment consultants are Gallagher (Administration & Investment) Limited.
- The investment manager is detailed in the Appendices to this SIP.
- The Scheme Actuary is Mark van den Berghen of Gallagher.

Trustees

The Trustees' primary responsibilities include:

- The preparation of this SIP, reviewing its contents and modifying it if deemed appropriate, in consultation with the Sponsoring Employer and the investment consultant, at least every three years. The SIP will also be reviewed following a significant change to investment strategy and/or the investment managers.
- Appointing investment consultants and investment managers as necessary for the good stewardship of the Plan's assets.
- Setting objectives for the appointed investment consultant (reviewing these at least every three years, and following any significant change to investment strategy), as well as reviewing the investment consultant's performance against these objectives at least annually.
- Reviewing the investment strategy as part of each triennial actuarial valuation, and/or asset liability modelling exercise, and/or significant changes to the Plan's liabilities, taking advice from the investment consultant.
- Assessing the processes and the performance of the investment manager by means of regular, but not less than annual, reviews of information obtained (including investment performance).
- Monitoring compliance of the investment arrangements with this SIP and with the relevant sections of the Act, the Investment Regulations and any regulatory guidance on a regular basis.
- Monitoring risk and the way in which the investment manager has cast votes on behalf of the Trustees in respect of the Plan's equity holdings.

Investment consultant

The main responsibilities of the investment consultant include:

- Obtaining a copy of the Trustees' investment consultant objectives prior to undertaking work to ensure they understand the Trustees' requirements.
- Assisting the Trustees in the preparation and periodic review of this SIP in consultation with the Sponsoring Employer.
- Undertaking project work including the development and review of investment strategy, investment performance and manager structure as required by the Trustees.
- Advising the Trustees on the selection and review of the investment manager.

- Providing training or education on any investment related matter as and when the Trustees see fit.
- Monitoring and advising upon where contributions should be invested or disinvested on a periodic basis.

Investment manager

The investment manager's main responsibilities include:

- Investing the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation.
- Ensuring that the investment of the assets within their portfolio is compliant with prevailing legislation.
- Providing the Trustees with quarterly reports and a review of the investment performance of their portfolio.
- Meetings with the Trustees as and when required.
- Informing the Trustees of any changes in the fee structure, internal performance objectives and guidelines of any pooled fund within their portfolio as and when they occur.
- Considering financially material risks affecting investments within their portfolio.
- Exercising voting rights on shareholdings within their portfolio in accordance with their general policy.

Scheme Actuary

The Scheme Actuary's main responsibilities in respect of investment policy include:

- Commenting on the suitability of the Plan's investment strategy given the financial characteristics of the Plan.
- Performing the triennial (or more frequently as required) actuarial valuation and advising on the Plan's funding level and therefore the appropriate level of contributions in order to aid the Trustees in balancing short-term and long-term investment objectives.

Compliance

The Plan's SIP is available online and to members on request.

A copy of the Plan's current SIP is also supplied to the Sponsoring Employer, the Plan's auditors and the Scheme Actuary.

This SIP, taken as a whole with the Appendices, supersedes all others and was approved by the Trustees.

Full name	
Signature	Kevin Hughes
Position	Trustee
For and on behalf of	Board of Trustees
Date	17th September 2025

Full name	
Signature	Steve Batchelor
Position	Trustee
For and on behalf of	Board of Trustees
Date	17th September 2025

Appendix 1 – Investment Strategy and objectives

Plan's investment strategy

In 2025 the Trustees reviewed the Plan's investment strategy and agreed to de-risk the investments to target 100% hedge ratios with respect to changes in both interest rates and inflation expectations relative to the solvency liabilities. The Plan's asset allocation at the time of implementation in July 2025 is tabulated below:

Asset type	Investment Manager	Investment style	Allocation (%)
Global Equities	LGIM	Passive	5.0
Growth Assets			**5.0**
Buy and Maintain Credit	LGIM	Active	12.0
UK Fixed-Interest Gilts	LGIM	Passive	25.0
UK Index-Linked Gilts	LGIM	Passive	55.0
Cash*	LGIM	Passive	3.0
Risk Reducing Assets			**95.0**
Total			**100.0**

*Partially held in the Trustee Bank Account.

Benchmark and performance objectives

Benchmark indices and relative performance objectives for each of the funds in which the Plan's assets are invested are outlined below. All performance targets are gross of fees and relate to rolling three-year periods unless otherwise stated.

Manager	Fund	Benchmark index	Objective
LGIM	All World Equity Index Fund	FTSE All-World Index	To track the benchmark within +/- 0.50% p.a. for 2 out of 3 years
	Maturing Buy and Maintain Credit Funds	N/A	To provide diversified credit exposure with the bonds maturing over relevant time periods.
	Fixed-Interest & Index-Linked Gilts	Benchmark bespoke to the term of the pooled fund	Perform in line with the benchmark.
	Sterling Liquidity Fund	SONIA	To provide diversified exposure and a competitive return in relation to the benchmark.

Appendix 2 – Fees

Investment manager fees

Manager	Fund	Investment style	Management fee
LGIM	All World Equity Index Fund	Passive	0.200% per annum of the first £5m, plus 0.175% per annum for the next £10m, plus 0.150% per annum for the next £35m, plus 0.125% per annum of the balance above £50 million
	Maturing Buy and Maintain Credit Funds	Active	0.150% per annum
	Fixed-Interest & Index-Linked Gilts	Passive	0.100% per annum of the first £5 million, plus 0.075% per annum of the next £5 million, plus 0.050% per annum of the next £20 million, plus 0.030% per annum of the balance above £30 million
	Sterling Liquidity Fund	Active	0.125% per annum of the first £5 million, plus 0.100% per annum of the next £5 million, plus 0.075% per annum of the next £20 million, plus 0.050% per annum of the balance above £30 million

Investment consultancy fees

The investment consultant provides agreed services on a fixed fee basis, with additional projects provided on a time cost basis subject to agreement in advance.

The basis of remuneration is kept under review.