Warburtons Pension and Life Assurance Plan (DB Section)
Statement of Investment Principles

1. Introduction

This Statement of Investment Principles ("SIP") sets out the policy of the Trustees of the Warburtons Pension and Life Assurance Plan (the "Trustees") on various matters governing decisions about the investments of the Warburtons Pension and Life Assurance Plan (the "Plan").

With effect from 5 April 2005, the Plan has been comprised of a Defined Benefit ("DB") Section and a Defined Contribution ("DC") Section. Information for the DC section is provided in a separate DC Section SIP. Employees joining the Company on or after 1 January 2005 are not eligible to join the DB Section. With effect from 5 April 2011 the DB Section has been closed to future accrual.

The information contained in this document relates to the DB Section only. For the remainder of this document the "Plan" is intended to refer to the DB Section only. This SIP replaces the previous SIP dated March 2025.

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005 and the Pension Regulator's guidance for defined benefit pension Schemes (March 2017).

This SIP has been prepared after obtaining and considering written professional advice from LCP, the Plan's investment adviser, whom the Trustees believe to be suitably qualified and experienced to provide such advice. The advice takes into account the suitability of investments including the need for diversification, given the circumstances of the Plan, and the principles contained in this SIP. The Trustees have consulted with the relevant employer in producing this SIP.

The Trustees will review this SIP from time to time and, with the help of their advisers, will amend it as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy, and at least once every three years.

The appendices of this SIP contain the following information in relation to the Plan:

- **Appendix 1** sets out details of the Plan's investment governance structure, including the key responsibilities of the Trustees, investment adviser and investment managers. It also contains a description of the basis of remuneration of the investment adviser and the investment managers.
- **Appendix 2** sets out the Trustees' policy towards risk appetite, capacity, measurement and management.
- **Appendix 3** sets out the Plan's current investment strategy and details of the investment manager arrangements.

2. Investment objectives

The Trustees' primary objective is to ensure that the Plan should be able to meet benefit payments as they fall due. In addition to this primary objective, the Trustees have a series of additional objectives.

These are as follows:

- The Plan's assets achieve an appropriate balance of investment risk and return. What the Trustees determine to be an appropriate level of risk is set out in Appendix 2.
- The Plan should be fully funded on a Technical Provisions basis (ie the asset value should be at least that of its liabilities on this basis), with a further aspirational objective of achieving full funding on a gilts flat basis. The Trustees are aware that there are various measures of funding and have given due weight to those considered most relevant to the Plan, including periodic monitoring of the Plan's funding level on a buy-in basis.

3. Considerations in setting the investment arrangements

When deciding how to invest the Plan's assets, the Trustees consider a number of risks, including, but not limited to, those set out in Appendix 2. Some of these risks are more quantifiable than others, but the Trustees have tried to allow for the relative importance and magnitude of each risk.

The Trustees considered a wide range of asset classes for investment, taking account of the expected returns and key individual risks associated with those asset classes as well as how these risks can be mitigated where appropriate. The average long-term key financial assumptions made by the Trustees' investment adviser are stated alongside the investment strategy in Appendix 3.

In setting the strategy the Trustees also took into account:

- the Plan's investment objectives, including the target return required to meet the Trustees' investment objectives;
- the Plan's cash flow requirements in order to meet benefit payments in the near to medium term;
- the best interests of all members and beneficiaries;
- the circumstances of the Plan, including the profile of the benefit cash flows (and the ability to meet these in the near to medium term), the funding level, and the strength of the employer covenant;
- the risks, rewards and suitability of a number of possible asset classes and investment strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;
- the need for appropriate diversification between different asset classes to ensure that both the Plan's overall level of investment risk and the balance of individual asset risks are appropriate; and
- the Trustees' investment beliefs about how investment markets work and which factors are most likely to impact investment outcomes.

In relation to this final point, the Trustees' key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

- asset allocation is the primary driver of long-term returns;

- risk-taking is necessary to achieve return, but not all risks are rewarded;
- equity, credit and illiquidity are the primary rewarded risks;
- risks that do not have an expected reward should generally be avoided, hedged or diversified;
- investment managers who can consistently spot and profitably exploit market opportunities within a single asset class are difficult to find and therefore passive management, where available, is usually better value for these investments;
- investment managers that have the flexibility to dynamically allocate across multiple asset classes can provide effective risk management and downside protection;
- taking account of environmental, social and governance (ESG) factors is expected to improve risk-adjusted returns;
- climate change is a financially material systemic issue that presents risks and opportunities for the Plan over the short, medium and long term; and
- costs have a significant impact on long-term performance and therefore obtaining value for money from the investments is important.

4. Implementation of the investment arrangements

Before investing in any manner, the Trustees obtain and consider proper written advice from their investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

Details of the investment managers are set out in Appendix 3.

The Trustees have signed agreements with the investment managers setting out in detail the terms on which the portfolios are to be managed. The investment managers' primary role is the day-to-day investment management of the Plan's investments.

The Trustees and investment managers to whom discretion has been delegated exercise their powers to giving effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

The Trustees have limited influence over managers' investment practices because the majority of the Plan's assets are held in pooled funds, but they encourage their managers to improve their practices where appropriate.

The Trustees' view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustees' responsibility to ensure that the managers' investment approaches are consistent with their policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustees expect investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. They assess this when selecting and monitoring managers.

The Trustees evaluate investment manager performance by considering performance over both shorter and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustees would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustees' policy is to evaluate each of their investment managers by reference to the manager's individual performance as well the role it plays in helping the Plan meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustees recognise that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustees expect their investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Plan's investment mandates.

5. Realisation of investments

The investment managers have discretion over the timing of realisation of investments of the Plan within the portfolios that they manage, and in considerations relating to the liquidity of investments.

When appropriate, the Trustees, on the administrators' recommendation, decide on the amount of cash required for benefit payments and other outgoings and inform the investment managers of any liquidity requirements. The Trustees' preference is for investments that are readily realisable, but recognise that achieving a well-diversified portfolio may mean holding some investments that are less liquid. The Trustees also receive income from some of the investment portfolios where appropriate.

6. Consideration of financially material and non-financial matters

The Trustees have considered how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments given the time horizon of the Plan and its members.

In setting their policy in this area, the Trustees have noted that the sponsoring employer has its own policies in relation to resource efficiency, sustainable agriculture, health and wellbeing and the delivery of the UN sustainable development goals.

The Trustees expect their investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustees seek to appoint managers that have appropriate skills and processes to do this, and from time to time review how their managers are taking account of these issues in practice.

The Trustees have limited influence over managers' investment practices where assets are held in pooled funds, but they encourage their managers to improve their practices where appropriate.

The Trustees' ambition is to align the Plan's assets with net zero greenhouse gas emissions by 2050 through selecting managers, and investing in funds, with credible net zero targets where feasible and appropriate to do so.

7. Voting and engagement

The Trustees recognise their responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments and is in the best interests of the Plan's members.

The Trustees seek to appoint investment managers that have strong stewardship policies and processes, reflecting the principles of the UK Stewardship Code 2020 issued by the Financial Reporting Council.

The Trustees have delegated to the investment managers the exercising of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors. The Trustees expect the managers to undertake voting and engagement in line with their stewardship policies, considering the long-term financial interests of investors.

As all of the Plan's investments are held through multi-investor or bespoke pooled funds (except for the buy-in investments), the Trustees do not monitor or engage directly with issuers or other holders of debt or equity.

The Trustees monitor managers' activities in relation to ESG factors, voting and engagement on a regular basis. The Trustees seek to understand how the managers are implementing their stewardship policies in practice to check that their stewardship is effective and aligned with the Trustees' expectations.

The Trustees have selected some priority ESG themes to provide a focus for the monitoring of investment managers' voting and engagement activities. The Trustees review the themes regularly and update them if appropriate. The Trustees' primary stewardship priority is climate change, with secondary priorities of modern slavery and business ethics. The Trustees communicate these stewardship priorities to the managers and also confirm their more general expectations in relation to ESG factors, voting and engagement.

If the Trustees' monitoring identifies areas of concern, the Trustees will engage with the relevant manager to encourage improvements.

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Signed for and on behalf of the Trustees of the Warburtons Pension and Life Assurance Plan

Name: Phil Tranter for BEST Trustees Ltd.   Alison Edmondson.

Signature:

Investment governance, responsibilities, decision-making and fees

The Trustees have decided on the following division of responsibilities and decision-making for the Plan. This division is based upon the Trustees' understanding of the various legal requirements placed upon them, and their view that the division of responsibility allows for efficient operation and governance of the Plan overall. The Trustees' investment powers are set out within the Plan's governing documentation.

1. Trustees

In broad terms, the Trustees are responsible in respect of investment matters for:

- setting the investment strategy, in consultation with the employer;
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change);
- developing a mutual understanding of investment and risk issues with the employer;
- reviewing the investment policy as part of any review of the investment strategy;
- setting the policy for rebalancing between asset classes;
- appointing, monitoring, reviewing and dismissing investment managers, investment advisers, actuary and other service providers;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- communicating with members as appropriate on investment matters;
- putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the employer when reviewing the SIP.

The Trustees have delegated consideration of certain investment matters to a joint investment sub-committee ("JISC"). The Trustees and the JISC understand the different areas where each party makes decisions, provides oversight and / or recommendations. The terms of reference for the JISC detail its responsibilities.

2. Investment managers

In broad terms, the investment managers will be responsible for:

- managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation;
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets;

- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments;
- providing the Trustees with regular information concerning the management and performance of their respective portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The custodians of the portfolios (whether there is a direct relationship between the custodian and the Trustees or not) are responsible for safe keeping of the assets and facilitating all transactions within the portfolios.

3. Investment adviser

In broad terms, the investment adviser will be responsible, in respect of investment matters, as requested by the Trustees, for:

- advising on how material changes within the Plan's benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy;
- advising on the selection, and review, of the investment managers, incorporating its assessment of the nature and effectiveness of the managers' approaches to financially material considerations (including climate change and other ESG considerations); and
- participating with the Trustees in reviews of this SIP.

4. Fee structures

The Trustees recognise that the provision of investment management and advisory services to the Plan results in a range of charges to be met, directly or indirectly, by deduction from the Plan's assets.

The Trustees have agreed Terms of Business with the Plan's actuarial and investment advisers, under which work undertaken is charged for by an agreed fixed fee or on a "time-cost" basis.

The investment managers receive fees calculated by reference to the market value of assets under management (or liabilities hedged) and also in some cases a performance related fee. The fee rates are believed to be consistent with the managers' general terms for institutional clients and are considered by the Trustees to be reasonable when compared with those of other similar providers.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustees' view as to the most appropriate arrangements for the Plan. However, the Trustees will consider revising any given structure if and when it is considered appropriate to do so.

5. Performance assessment

The Trustees are satisfied, taking into account the external expertise available, that there are sufficient resources to support their investment responsibilities. The Trustees believe that they have sufficient expertise and appropriate training to carry out their role effectively.

It is the Trustees' policy to assess the performance of the Plan's investments, investment providers and professional advisers from time to time. The Trustees will also periodically assess the effectiveness of their decision-making and investment governance processes and will decide how this may then be reported to members.

6. Working with the Plan’s employer

When reviewing matters regarding the Plan’s investment arrangements, such as the SIP, the Trustees seek to give due consideration to the employer’s perspective. While the requirement to consult does not mean that the Trustees need to reach agreement with the employer, the Trustees believe that better outcomes will generally be achieved if the Trustees and employer work together collaboratively.

Policy towards risk, risk measurement and risk management

1. Risk appetite and risk capacity

Risk appetite is a measure of how much risk the Trustees are willing to bear within the Plan in order to meet their investment objectives. Taking more risk is expected to mean that those objectives can be achieved more quickly, but it also means that there is a greater likelihood that the objectives are missed, in the absence of remedial action. Risk capacity is a measure of the extent to which the Trustees can tolerate deviation from their long term objectives before attainment of those objectives is seriously impaired. The Trustees aim is to strike the right balance between risk appetite and risk capacity.

When assessing the risk appetite and risk capacity, the Trustees considered a range of qualitative and quantitative factors, including:

- the strength of the employer's covenant and how this may change in the near/medium future;
- the agreed journey plan and employer contributions;
- the Plan's long-term and shorter-term funding targets;
- the Plan's liability profile, its interest rate and inflation sensitivities, and the extent to which these are hedged;
- the Plan's cash flow and target return requirements; and
- the level of expected return and expected level of risk (as measured by Value at Risk ("VaR")), now and as the strategy evolves.

2. Approach to managing and monitoring investment risks

The Trustees consider that there are a number of different types of investment risk that are important to manage and monitor. These include, but are not limited to:

2.1. Risk of inadequate returns

A key objective of the Trustees is that, over the long-term, the Plan should generate its target return so that it has adequate assets to meet its liabilities as they fall due. The Trustees therefore invest the assets of the Plan in order to give a high likelihood of achieving this objective. There is also a risk that the performance of the Plan's assets and liabilities diverges in certain financial and economic conditions in the short term. This risk has been taken into account in setting the investment strategy and is monitored by the Trustees on a regular basis.

2.2. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Plan's assets. The Trustees believe that the Plan's assets are adequately diversified between different asset classes and within each asset class. This was key consideration when determining the Plan's investment arrangements and is monitored by the Trustees on a regular basis.

2.3. Investment manager risk

This is the risk that an investment manager fails to meet its investment objectives.
Prior to appointing an investment manager, the Trustees receive written advice from a suitably qualified individual, and will typically undertake an investment manager selection exercise. The Trustees monitor the investment managers on a regular basis to ensure they remain appropriate for their selected mandates.

2.4. Liquidity / marketability risk

This is the risk that the Plan is unable to realise assets to meet benefit cash flows as they fall due, or that the Plan will become a forced seller of assets in order to meet benefit payments. The Trustees are aware of the Plan's cash flow requirements and believe that this risk is managed by maintaining an appropriate degree of liquidity across the Plan's investments and by investing in income generating assets, where appropriate.

2.5. Environmental, social and governance (ESG) risks

Environmental, social and corporate governance (ESG) factors are sources of risk to the Plan's investments, some of which could be financially significant, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustees seek to appoint investment managers who will manage these risks appropriately on their behalf and from time to time review how these risks are being managed in practice.

2.6. Interest rate and inflation risk

The Plan's assets are subject to interest rate and inflation risk because some of the Plan's assets are held indirectly in bonds / interest rate swaps. However, the interest rate and inflation exposure of the Plan's assets hedges part of the corresponding risks associated with the Plan's liabilities.

The net effect of the Trustees' approach to interest and inflation risk will be to reduce the volatility of the funding level, and so the Trustees believe that it is appropriate to manage exposures to these risks in this manner and to review them on a regular basis.

2.7. Collateral adequacy risk

The Plan is invested in leveraged Liability Driven Investment ("LDI") arrangements to provide protection ("hedging") against adverse changes in interest rates and inflation expectations. The LDI manager may from time to time call for additional cash to be paid to the LDI portfolio in order to support a given level of leverage. Collateral adequacy risk is the risk that the Trustees when requested to do so will not be able to post additional cash to the LDI portfolio within the required timeframe. A potential consequence of this risk is that the Plan's interest rate and inflation hedging could be reduced and that the Plan's funding level could suffer subsequently as a result. In order to manage this risk, the Trustees ensure that the Plan has a sufficient allocation to cash and other highly liquid assets which can be readily realised, so that cash can be posted to the LDI manager at short notice if required.

2.8. Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Plan invests in pooled funds and is therefore directly exposed to credit risk in relation to the solvency of the investment manager and custodian of those funds.

Direct credit risk arising from pooled funds is mitigated by the underlying assets of the pooled funds being ring-fenced from the investment managers, the regulatory environments in which the pooled funds managers operate and diversification of the Plan's investments across a number of pooled funds. The Trustees, with the help of their advisors, carry out due diligence checks prior to the appointment of any new investment manager or fund, and monitor for changes in the operating environment of the existing investments.

The Plan is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds where they invest in bonds and other assets of a contractual nature. The managers of these pooled funds manage credit risk by having a diversified exposure to bond issuers or highly rated issuers (eg the UK government), conducting thorough research on the likelihood of default of those issuers, having only a limited exposure to bonds rated below investment grade, and / or arranging security against borrower default where appropriate. The magnitude of credit risk within each fund will vary over time as the managers change the underlying investments in line with their views on markets, asset classes and specific securities.

The Plan is also indirectly exposed to credit risk arising from the managers' use of derivative instruments. The terms under which such instruments are managed include provisions to manage the exposure to credit risk, such as limits on the exposure to any single counterparty and minimum credit ratings that all counterparties must meet. In addition, the derivative positions are generally collateralised daily, so as to aim to limit credit risk to one day's market movements.

In respect of the buy-in, credit risk is the risk of insolvency of the insurer and it being unable to meet the terms of the buy-in policy. This risk is mitigated by the regulatory environment in which the insurer operates and the diversification of the policy's underlying assets.

Cash is generally held with financial institutions which are at least investment-grade credit rated.

2.9. Currency risk

As the Plan's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk.

The Trustees consider the overseas currency exposure in the context of the overall investment strategy, and believe that the risk that exists diversifies the strategy and is appropriate. Furthermore, where the Plan invests in non-Sterling denominated securities, the Trustees manage the amount of currency risk by either investing in pooled funds that aim to hedge foreign currency exposure or by delegating responsibility to the investment managers to manage the currency exposure.

2.10. Other price risk

This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from credit risk, currency risk or interest rate and inflation risk).

The Trustees monitor this risk on a regular basis, looking at the performance of the Plan as a whole as well as each individual portfolio. The Trustees believe that the Plan's assets are adequately diversified between different asset classes and within each asset class to manage this risk.

The exposure to other price risk within the investments will vary over time depending on how the managers change the underlying asset allocation to reflect their market views.

2.11. Climate-related risks

Climate change is a source of risk, which could be financially material over both the short and longer term. This risk relates to the transition to a low carbon economy, and the physical risks associated with climate change (eg extreme weather). The Trustees seek to appoint investment managers who will manage this risk appropriately, and the Trustees monitor how this risk is being managed in practice.

The Trustees encourage their managers (where practical and appropriate) to set credible net zero targets for the funds in which the Plan invests and to align the Plan's investments with net zero greenhouse gas emissions by 2050 to help drive real world emissions reduction and reduce systemic risks relating to climate change.

2.12. Other non-investment risks

The Trustees recognise that there are other, non-investment, risks faced by the Plan, and take these into consideration as far as practical in setting the Plan's investment arrangements.

Examples include:

- longevity risk (the risk that members live, on average, longer than expected); and
- sponsor covenant risk (the risk that, for whatever reason, the sponsoring employer is unable to support the Plan as anticipated).

Together, the investment and non-investment risks give rise generally to funding risk. This is the risk that the Plan's funding position falls below what is considered an appropriate level. The Trustees regularly review progress towards the Plan's funding target, both in the longer-term as well as against short-term milestones.

By understanding, considering and monitoring the key risks that contribute to funding risk, the Trustees believe that they have appropriately addressed and are positioned to manage this general risk.

Investment strategy and manager arrangements

1. Investment strategy

The Trustees, with the help of their investment adviser and in consultation with the employer, reviewed the investment strategy for the Plan in 2024, taking into account the objectives described in the SIP.

The Trustees agreed that the investment strategy of the Plan (excluding annuity holdings) should be based on the allocation set out in the table below. The Plan separately holds an annuity which provides an income that matches the benefit payments due to a segment of the Plan's membership.

Asset class	Strategic allocation
Diversified growth fund ("DGF")	6%
Asset backed securities ("ABS")	19%
Corporate bonds	30%
Return-seeking investments	**55%**
Liability Driven Investments ("LDI")	45%
Matching investments	**45%**
Total	**100%**
Target interest rate / inflation hedge ratio (gilts flat basis)	*Equal to the funding level (measured on a gilts flat basis)*

Please note that the strategic allocation set out in this table is a long-term target that the Plan will gradually transition to over time. This is due to the presence of legacy return-seeking private credit investments that are currently in wind-down. As and when the loans made within these private credit funds mature, capital will be repaid to the Plan as cash into the Trustee bank account and used to support ongoing cashflow needs. This cash holding sits outside of the strategic allocation provided in the table above. Where a surplus of cash holdings is deemed to exist, the surplus cash will be re-deployed into the Plan's investments in such a manner that maintains the Plan's strategic allocation to return-seeking investments at broadly 55%. The Trustees monitor the asset allocation from time to time and consider with their advisers whether it is appropriate to rebalance the assets, taking into account factors such as market conditions and anticipated future cash flows.

From time to time, the Trustees may purchase further bulk annuity policies from an insurer that matches the pensions payable to a sub-section of the Plan's members (a "buy-in"). The objective of this approach is to reduce risk, including longevity risk, and "lock in" funding gains following favourable investment experience.

When deciding on the current investment strategy, the Trustees believed the level of risk to be appropriate given the Trustees' and employer's risk appetite and capacity, given the Plan's objectives.

The Trustees recognise the need to have a flexible strategy that responds dynamically to changes in market conditions. The Trustees believe the strategy represents a suitable balance between risk and reward and has regard to prevailing market conditions.

The average long-term key financial assumptions made by the Trustees' investment adviser (as at 30 June 2025) were as follows:

- Return on diversified growth: gilts + 2.1% pa
- Return on private credit: gilts + 3.4% pa
- Return on “dynamic” LDI (c2x leveraged): gilts + 0.4% pa
- Return on asset-backed securities: gilts + 1.3% pa
- Return on short-dated corporate bonds: gilts + 1.2% pa
- Return on long-dated corporate bonds; gilts + 0.7% pa

As at 30 June 2025, the Trustees’ investment adviser’s assumed long-term expected return of gilts was 4.6% pa.

2. Investment manager arrangements

Details of the investment managers, their objectives, and investment guidelines are set out below. This excludes the investment of Additional Voluntary Contributions (“AVCs”), which closed to new contributions within the DB Section of the Plan on 5 April 2011.

ABS – Aegon Asset Management (“Aegon”)

The Trustees have selected Aegon to manage the Plan’s ABS portfolio, with the assets invested in the Aegon European ABS Fund. The objective of this fund is to provide long term capital growth. This fund is actively managed. The fund will seek to achieve its investment objective by investing at least 70% of its net assets in asset-backed securities. The fund is priced daily, open-ended and unlisted.

Short-dated corporate bonds – Aegon Asset Management (“Aegon”)

The Trustees have selected Aegon to manage the Plan’s short dated corporate bond portfolio, with the assets invested in the Aegon Global Short Dated Climate Transition Fund. The investment objective of the fund is to provide a return (income plus capital). The fund will seek to achieve its investment objective by investing at least 80% of its net assets in bonds with a residual maturity of four years or less. The fund is priced daily, open-ended and unlisted.

DGF - Ruffer LLP (“Ruffer”)

The Trustees have selected Ruffer to manage the Plan’s DGF portfolio, with the assets invested in the CF Ruffer Total Return Fund. The objective of this fund is to preserve capital over rolling twelve-month periods and to achieve returns (after fees) above that reasonably expected from the alternative of depositing the cash value of assets in a reputable UK bank. The fund is priced weekly, open-ended and unlisted.

Longer-dated corporate bonds – Columbia Threadneedle Investments (“CTI”)

The Trustees have selected CTI to manage the Plan’s longer-dated buy & maintain corporate bond portfolio. For this allocation, the Trustees will make use of CTI’s Net Zero Transition Buy & Maintain Credit Fund Range, comprising the following funds:

- CTI Net Zero Transition 2024 – 30 Buy and Maintain Fund
- CTI Net Zero Transition 2031 – 38 Buy and Maintain Fund
- CTI Net Zero Transition 2039 – 46 Buy and Maintain Fund

The investment objective of these funds is to provide investors with growth and income by gaining exposure to credit markets through physical bonds that mature within a defined maturity range. The funds are priced daily, open-ended and unlisted.

Private Credit – Alcentra Limited (“Alcentra”), GreenOak Real Estate Advisors LLP (“GreenOak”) and Barings Global Advisors Limited (“Barings”)

The Trustees have diversified the private credit allocation between three managers.

The Trustees have selected Alcentra to manage part of the Plan’s private credit portfolio, with the assets invested in the Clareant European Direct Lending Fund II. The objective of this fund is to seek a (net of all fees) return of 8-10% pa in Euro terms, at the level of the Master Fund, by providing capital to middle-market corporate borrowers in Europe. Alcentra seeks to hedge overseas currency exposure back to GBP. The fund is priced quarterly, closed-ended and unlisted.

The Trustees have selected GreenOak to manage part of the Plan’s private credit portfolio, with the assets invested in the UK Secured Lending Fund II. The objective of this fund is to seek a (net of all fees) return of 7-9% pa, by providing capital for middle-market loans secured against commercial real estate projects. The fund is priced quarterly, closed-ended and unlisted.

The Trustees have selected Barings to manage part of the Plan’s private credit portfolio, with the assets invested in the Barings Global Private Loan Fund 3. The objective of this fund is to provide consistently attractive returns, primarily through current income and secondarily through capital appreciation while emphasising principal preservation. Barings also has an informal (net of all fees) return target of 7-9% pa. The fund is priced quarterly, closed-ended and unlisted.

LDI – Columbia Threadneedle Investments (“CTI”)

The Trustees have selected CTI to manage the Plan’s LDI portfolio, with the assets invested in the LDI Private Sub-Fund 32 GBP, a bespoke LDI fund where the Trustees are the sole investor.

The objective of the bespoke LDI fund is to provide a partial hedge against interest rate and inflation risks inherent in the measurement of the Plan’s liabilities, by using a number of hedging assets. The fund is priced weekly, open-ended and unlisted.