Barry Wehmiller International Retirement Benefits Scheme

Statement of Investment Principles October 2025

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Section 1 : Introduction

Pensions Acts

1.1 Under the Pensions Act 1995 (as amended by the Pensions Act 2004), the Trustee is required to prepare a statement of the principles governing investment decisions. This document contains that statement and describes the investment principles pursued by the Trustee of the Barry Wehmiller International Retirement Benefits Scheme ("the Scheme").

1.2 The Scheme is in wind-up, and following a debt compromise agreement, the requirement for the Trustee to consult BWI plc on any changes to this statement falls away. As such, the power and responsibility for deciding investment policy lies solely with the Trustee.

1.3 Before drawing up this statement, the Trustee has obtained and considered written advice from the Scheme's investment consultants (currently Capita Pension Solutions). The Trustee will review this document regularly, more often than every three years, and without delay following a significant change in investment policy.

Financial Services and Markets Act 2000

1.4 In accordance with the Financial Services and Markets Act 2000, the Trustee will determine general investment strategy, but will delegate the responsibility for selection of specific investments to an appointed investment manager or managers (which may include an insurance company or companies). The investment manager shall provide the skill and expertise necessary to manage the investments of the Scheme competently.

Scheme details

1.5 The Scheme operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries ("Members").

Section 2: Division of responsibilities

2.1 The Trustee has responsibility for decision-making on investment matters. In order to ensure that investment decisions are taken only by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates some of these responsibilities.

Trustee

2.2 The Trustee's responsibilities include:

- Reviewing the content of this Statement regularly, in conjunction with the investment consultants and the Scheme Actuary, and modifying it if deemed appropriate.
- Appointing (and dismissing) investment manager(s).
- Monitoring compliance of the investment arrangements with this Statement on an ongoing basis.

Investment Managers

2.3 The investment manager's responsibilities include:

- Discretionary management of the portfolio, including implementation (within guidelines given by the Trustee) of changes in the asset mix and selecting securities within each asset class.
- Providing the Trustee with quarterly statements of the assets together with a quarterly report on actions and future intentions, and any changes to the processes applied to the portfolio.
- Informing the Trustee of any changes in the internal objectives and guidelines of any pooled funds used by the Scheme as soon as practicable.
- The independent safekeeping of the assets and appropriate administration (including income collection and corporate actions) within any pooled funds used by the Scheme.

Professional Advisers

2.4 The Trustee pays particular attention to managing and contracting with external advisers (including advice on strategic asset allocation, investment management and actuarial issues). However, the Trustee believe that the current arrangement (using a single advisory firm for both actuarial and investment advice) has certain advantages for the Scheme. The Trustee will continue with the current arrangement until this ceases to be appropriate.

Investment Consultant

2.5 The investment consultant's responsibilities include:

- Participating with the Trustee in reviews of this statement, in consultation with the Scheme Actuary.
- Advising the Trustee as requested:

    - through consultation with the Scheme Actuary on how any changes in benefits, membership and funding position may affect the manner in which the assets should be invested
    - on how any changes at the investment manager could affect the interests of the Scheme
    - on how any changes in the investment environment could either present opportunities or problems for the Scheme
- Undertaking project work as requested, including:
    - reviews of asset allocation policy
    - reviews of the investment manager
- Advising on the selection of new managers and/or custodians.

Scheme Actuary

2.6 The Scheme Actuary's responsibilities include:

- Liaising with the investment consultant on the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme.

Section 3: Main investment objectives

Objectives

3.1 Given the circumstances of the Scheme, being a “PPF+” case which is in the process of being wound-up, the Trustee’s prime objective is to ensure that the benefits payable to members’ are maximised while taking minimal risk.

3.2 In order to achieve these aims, the Trustee has decided to:

- invest the majority of the Scheme’s assets (78.6% as at 30 September 2024) in a bulk annuity contract with Scottish Widows (the “insurer”). This is initially held as a buy-in policy, which will convert into a buy-out of benefits before the Scheme is formally wound up.
- In addition, in order to meet the Scheme’s short-term cashflow needs (including benefit payments and expenses) and to provide a further enhancement to Scheme benefits, the remaining uninsured assets (21.4% as at 30 September 2024) are almost entirely held in cash equivalent assets which are managed by Legal & General Investment Management (LGIM, the “investment manager”).

Section 4: Other investment policies

Choosing investments

4.1 The Trustee has appointed an investment manager which is authorised under the Financial Services and Markets Act 2000 to undertake investment business after obtaining appropriate investment advice. Investment choice (selection of individual securities) has been delegated to the investment manager.

4.2 In this context, investment advice is defined by Section 36 of Pensions Act 1995 (as amended).

Rights attaching to investments

4.3 The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments. In practice, as the Scheme only holds "cash" funds and bulk annuity policies, no such underlying voting rights are expected to exist.

Liquidity and realisation of investments

4.4 The Scheme's administrator (currently Towers Watson Limited) assesses the likely benefit outgo on a regular basis and ensures that sufficient cash reserves are available to meet this outgo.

4.5 The Trustee's policy is that there should be sufficient secure investments in liquid or readily-realisable assets to meet cashflow requirements in the majority of foreseeable circumstances so that realisation of assets will not disrupt the Scheme's overall investment policy. The Trustee has also determined a policy for meeting cashflow requirements that is consistent with the Scheme's overall investment policy.

Other Considerations

4.6 The Trustee does not take into account Environmental, Social and Governance (ESG) matters in the selection, retention and realisation of investments. Given the circumstances of the Scheme (ie being in an underfunded wind-up), such matters are not expected to be financially material since the Scheme's time horizon is very short, and also the assets are held in bulk annuities and cash. In contrast ESG matters are expected to be more of a long-term theme impacting returns on asset classes other than cash and bulk annuities.

4.7 As the Scheme does not hold any long term (maturity beyond 12 months) corporate debt or equity, the Trustee does not undertake any engagement activities in relation to corporate debt or equity holdings.

4.8 The Trustee does not take into account the members views matters in the selection, retention and realisation of investments. A key reason for this is that the investment strategy has largely been "locked down" in bulk annuities, so there is no real ability to amend the investment strategy to take into account members' views.

4.9 The Trustee does not expect to engage heavily with the investment managers that they use as the non-annuity holdings are only a minority of the assets and are expected to be an interim holding only until the wind-up is complete. An Investment Manager Agreement exists, but beyond this the Trustee does not intend to have a formal policy[1] for how they arrange matters with the asset managers that they use.

[1] Where such formal policy would contain the components set out in the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2018 and 2019

Section 5: Investment manager arrangements

Investment manager structure

5.1 The Scheme's assets are invested in a bulk annuity policy with Scottish Widows and a cash-equivalent fund which is managed by LGIM, the LGIM Sterling Liquidity Fund.

5.2 The performance of the cash-equivalent fund managed by the investment manager is measured against the index benchmark set out below:

LGIM Sterling Liquidity Fund
Benchmark index: Sterling Overnight Index Average (SONIA)
Performance objective: The fund aims to offer access to liquidity whilst providing capital stability. The investment objective of the fund is to provide diversified exposure and a competitive return in relation to SONIA. Performance may be shown relative to this rate, but the fund does not specifically target this performance objective.

5.3 The investment managers have regard to the:

- need for diversification of investments, so far as appropriate to the circumstances of the Scheme; and to the
- suitability to the Scheme of both the asset classes proposed and also the particular assets proposed within those classes.

5.4 The investment managers may use pooled vehicles to help with diversification.

5.5 The Trustee has considered the guidelines and restrictions of each of the mandates in which the Scheme invests and is comfortable with them.

Performance monitoring

5.6 Whilst the Trustee is not involved in the investment managers' day to day method of operation and so cannot directly influence attainment of the performance target, they will assess performance and review appointments.

5.7 The measurable objective for LGIM in respect of their cash-equivalent fund is to produce a competitive return in relation to the benchmark index. The Trustee will review performance of this fund periodically.

5.8 This investment objective will be treated as a target only and will not be considered as an assurance or guarantee of the performance or risk of the Scheme or any part of it.

Fee structures

5.9 The Trustee has agreed fees with each manager based on the value of assets in their respective portfolios. These fees are consistent with each manager's stated fee scale. Details of the fee

structures are included in the Investment Management Agreements. (For a bulk annuity policy, expenses are implicit rather than explicitly stated, as they are reflected in the initial premium paid.)

5.10 Advisers' fees are paid on either an hourly or a project basis.

Manager monitoring

5.11 The appointment of the investment managers will be reviewed from time to time by the Trustee based on the results of their monitoring of performance and investment process and of the managers' compliance with the requirements of the Pensions Act 1995 (as amended). The investment managers have been provided with a copy of this Statement and the Trustee will monitor the extent to which they give effect to the investment principles set out in it. The Trustee will provide the investment managers with any material amendment to or replacement of this Statement.

Section 6: Risk management

6.1 The Trustee recognises a number of risks involved in the investment of the assets of the Scheme:

- Ongoing solvency of the Scheme's Bulk Annuity provider Scottish Widows
  - The principal risk facing the Trustee and Scheme members is that Scottish Widows may default on their obligations under the annuity contract to meet all future benefits. Before entering into the contract with Scottish Widows, the Trustee carefully considered the financial strength of Scottish Widows and concluded that this risk was acceptably low
  - In addition, the strength of Scottish Widows is supported by the supervision regime and reserving requirements put in place by the Prudential Regulation Authority, and further backed up by the Financial Services Compensation Scheme.
- Manager risk
  - is measured by the expected deviation of the prospective risk and return, as set out in the manager's objectives, relative to the investment policy
  - is managed by careful up-front due-diligence when selection managers, and through monitoring the manager's actual deviation of returns relative to the objectives and factors supporting the manager's investment processes.
- Liquidity risk
  - is measured by the level of cashflow required by the Scheme over a specified period
  - is managed by the Scheme's administrators assessing the level of cash held in order to limit the impact of the cash flow requirements on the investment policy.
- Custodial risk
  - is measured by assessing the credit-worthiness of the custodian and the ability of the organisation to settle trades on time and provide secure safekeeping of the assets under custody
  - is managed by the investment manager who is responsible for the safe custody of the assets in its pooled funds.
- Geo-political risk
  - is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from geo-political issues.
  - is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.

6.2 These measures do not render the investment policy free of risk. Rather, the measures endeavour to balance the need for risk control and the need for assets which are likely to achieve the required performance target.

6.3 The Trustee continues to monitor these risks.

END

Adopted by the Trustee:

Date: 15 October 2025

On behalf of the Trustee of the Barry Wehmiller International Retirement Benefits Scheme