STATEMENT OF INVESTMENT PRINCIPLES

for the

Brockhampton Pension Scheme

23 October 2025

1. Introduction

This Statement of Investment Principles ("SIP") sets out the policy of the Trustees of the Brockhampton Pension Scheme ("the Trustees") on various matters governing decisions about the investments of the Brockhampton Pension Scheme ("the Scheme"), a Defined Benefit ("DB") Scheme. This SIP replaces the previous SIP dated May 2024.

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 (as amended) ("the Regulations") and the Pensions Regulator's guidance for defined benefit pension schemes (March 2017).

This SIP has been formulated after obtaining and considering written professional advice from Lane Clark & Peacock LLP, the Scheme's investment adviser and actuaries, who the Trustees believe to be suitably qualified and experienced to provide such advice. The advice takes into account the suitability of investments and the need for diversification, given the circumstances of the Scheme and the principles contained in this SIP. The Trustees have consulted with the employer in producing this SIP.

The Trustee will review this SIP from time to time and, with the help of its 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 Scheme's assets are held in trust by the Trustees. The investment powers of the Trustees are set out in Rule 34 of the Scheme's Trust Deed.

2. Investment objective and strategy

The Trustees' primary objective is that the Scheme should be able to meet benefit payments as they fall due.

To achieve this, the Trustees have entered into two bulk annuity policies with Just Retirement Ltd ("JUST") which match the benefits payable to the Scheme's members. Both annuity policies are buy-ins and remain assets of the Scheme.

These bulk annuity policies represent the majority of the Scheme's invested assets. As such, the Scheme is a wholly insured scheme as defined within the Occupational Pension Schemes (Investment) Regulations 2005. However there are also residual assets with Columbia Threadneedle Investments ("CTI") in unleveraged gilt and liquidity funds, and a legacy property allocation with CBRE Global Investment Partners ("CBRE").

3. Considerations made in determining the investment arrangements

When deciding how to invest the Scheme's assets, the Trustees consider a wide range of risks, including, but not limited to, those set out in Appendix A. 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 (including bulk annuity policies) that could be used to closely match the Scheme's expected benefit payments and the expected returns and risks associated with those asset classes.

In setting the strategy, the Trustees considered:

- the Scheme's investment objectives,;
- the Scheme's cash flow requirements to meet benefit payments in the near to medium term;
- the best interests of all members and beneficiaries;
- the circumstances of the Scheme, including the profile of the benefit cashflows (and the ability to meet these in the near to medium term), the funding level, and the strength of the employer covenant;
- a wide range of asset classes (including bulk annuity policies), 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 risks, rewards and suitability of several 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 Scheme's overall level of investment risk and the balance of individual asset risks are appropriate;
- the views of the sponsoring employer;
- any other considerations which the Trustees consider financially material over the time horizon that the Trustees consider is needed for the funding of future benefits by the investments of the Scheme; and
- the Trustees' investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

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 markets are not always efficient and there may be opportunities for good active managers to add value;
- environmental, social and governance (ESG) factors are likely to be one area of market inefficiency and so managers are likely to be able to improve risk-adjusted returns by taking account of ESG factors;
- long-term environmental, social and economic sustainability is a key factor that trustees should consider when making investment decisions; 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 investments.

The Trustees have entered into two bulk annuity policies which match the benefits payable to the Scheme's members. JUST is an insurance company authorised by the Prudential Regulatory Authority ("PRA") and regulated by the PRA and Financial Conduct Authority ("FCA").

The Trustees have appointed two managers to manage the Scheme's residual assets. Columbia Threadneedle Investments ("CTI") manages the Scheme's unleveraged gilt fund and the Sterling Liquidity Fund. CBRE manages the legacy UK Property mandate that is in wind-down. The investment managers are responsible for the custody arrangements of the Scheme's assets.

The Trustees have signed application forms enabling them to invest in funds managed by CTI and CBRE. The terms under which the funds are managed are set out in the prospectus for the funds.

The Trustees and investment managers to whom discretion has been delegated, exercise their powers to give effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable. 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 funds. 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. 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 Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each managers' 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 Scheme's investment mandates.

Further details of the insurance provider and investment managers mandates are in Appendix B.

5. Realisation of investments

The Trustees' annuity provider, JUST, is contracted to pay an amount equal to the members' pensions covered by its policy to the Trustees each month.

The investment managers have discretion over the timing of realisation of investments of the Scheme and in considerations relating to the liquidity of investments.

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 Scheme and its members.

ESG issues can have a material impact on the value of financial assets and on the long-term performance of investments, and therefore need to be considered across all asset classes to better manage risk and generate sustainable, long-term returns. Well-managed companies with strong governance are more likely to be successful long-term investments. The Scheme will endeavour, through its Investment Managers, to be an active owner and steward of its investments.

Further the Trustees expect their insurance provider and investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustees have limited influence over the insurance provider and investment mangers' investment practices but encourage them to improve their practices where appropriate.

The Scheme does not take into account any 'non-financial' considerations when considering the ESG approach.

7. Voting and engagement

Although the Trustees no longer invest in asset classes with voting rights or significant engagement opportunities, they 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.

The insurance provider and investment managers are expected to include ESG issues within their investment decision making process. The Trustees expect the both the insurance provider and investment managers to undertake engagement in line with their stewardship policies, considering the long-term financial interests of investors.

The Trustees do not wish to interfere with the day-to-day investment decisions of the investment manager or the insurance provider. However, the Trustees expect their insurance provider and investment managers to comply with the principles outlined in the UN's Principles for Responsible Investing and the UK Stewardship Code where this is appropriate for their mandate.

For and on behalf of N. J. Rowley Date 23 October 2025

The Trustees of the Brockhampton Pension Scheme

The Trustees' policy towards risk, risk measurement and risk management

Appendix A

A.1. Risk appetite and risk capacity

Risk appetite is a measure of how much risk the Trustees are willing to bear within the Scheme 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 Scheme's overall, planning and process objectives;
- the Scheme's liability profile, its interest rate and inflation sensitivities, and the extent to which these are hedged; and
- the Scheme's cash flow and target return requirements.

The Trustees consider that there are a number of different types of investment risk that are important for the Scheme. These include, but are not limited to:

A.2. Strategic risk

A key objective of the Trustees is that, over the long-term, the Scheme should have adequate assets to meet its liabilities as they fall due. There is also a risk that the performance of the Scheme's assets and liabilities diverges in certain financial and economic conditions in the short term. The Trustees have managed this risk by investing in annuity policies that insure all members' benefits.

A.3. Investment manager risk

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 Scheme's assets. .This is the risk that the investment managers and the annuity provider fail to meet their investment objectives. Prior to appointing an investment manager or an annuity provider, 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.

A.4. Liquidity/marketability risk

This is the risk that the Scheme is unable to realise assets to meet benefit cash flows as they fall due, or that the Scheme will become a forced seller of assets to meet benefit payments. The Trustees have managed this risk by investing in annuity contracts that insure all members' benefits.

A.5. Environmental, social and governance (ESG) risks

Environmental, social and corporate governance (ESG) factors are sources of risk to the Scheme's investments which could be financially material, 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 investment options that address these risks and to appoint investment managers and an annuity provider who will manage these risks appropriately on their behalf. They regularly review how these risks are being managed in practice.

A.6. 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 Scheme is subject to credit risk through its bulk annuity policies with JUST. The Trustees are confident that JUST has sufficient financial security (and the back-up of the UK insurance market regulatory regime) to have a very high likelihood of remaining solvent and delivering the promised benefits through the lifetimes of the Scheme's beneficiaries insured under the policy.

A.7. Currency risk

The assets of the Scheme are not subject to any direct currency risk as none of the Scheme's investments are held directly or indirectly in overseas markets.

A.8. Interest rate and inflation risk

These are the risks that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates and inflation expectations. The annuity policies match the pensions payable to all the Scheme's deferred and current pensioner members and as such, the Scheme is not directly exposed to interest rate and inflation risk for a majority of the assets.

Some of the Scheme's residual assets are subject to interest rate and inflation risk because some of the Scheme's assets are held in bonds and gilts, via the Scheme's pooled gilt fund.

A.9. Other risks

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

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

The Trustees have minimised these risks in respect of all of the Scheme's deferred and pensioner members by entering into the two bulk annuity policies.

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 manager and bulk annuity arrangements

Appendix B

B.1. Bulk annuity policies – JUST Retirement Limited ("JUST")

The Trustees have selected JUST as a provider for the bulk annuity policies. The bulk annuity policies seek to cover the benefits payable to all the Scheme's deferred and current pensioner members. The objective of the policies is to match all the Scheme's benefit payments.

B.2. Legacy Property portfolio with CBRE Global Investment Partners ("CBRE")

The Scheme invests in UK Property through a pooled fund of funds called the CBRE Global Investment Partners UK Osiris Property Fund. The Fund's objective is to outperform the AREF/IPD UK QPFI All Balanced Property Fund Index by 0.5% pa over rolling three-year periods (before CBRE fees but after fees for the underlying property funds). The fund is priced monthly. The fund is open ended and is not listed on any stock exchange. This fund entered wind-up in March 2020.

CBRE is responsible for custody of the assets of the fund. Responsibility is delegated to Northern Trust. The Trustee does not have a direct relationship with the custodian.

B.3. Matching Portfolio managed by CTI

The Scheme currently holds residual assets with CTI in the following funds:

Fund name	Performance objective
Unleveraged Real Gilt Fund	Provide a hedge against liabilities through the use of a number of hedging assets without the use of leverage.
Sterling Liquidity Fund	Maintain high levels of liquidity, preserve capital and generate a return in line with the 7-day SONIA.

CTI is responsible for custody of the assets of the funds. Responsibility is delegated to the State Street Bank International GmbH (acting through the Luxembourg Branch).

Responsibilities and fees

Appendix C

C.1. Responsibilities and investment decision-making structure

The Trustees have decided on the following division of responsibilities and decision-making for the Scheme. This division is based upon the Trustees' understanding of the various legal requirements placed upon them, and their view that this division allows for efficient operation of the Scheme overall, with access to an appropriate level of expert advice and service.

C.2. Trustees

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

- developing a mutual understanding of investment and risk issues with the employer;
- reviewing the investment policy in consultation with the employer following the results of each valuation, and / or after any review of investment strategy (eg any asset liability modelling exercise);
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change);
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments;
- putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- if required, the policy for rebalancing between asset classes and asset managers;
- appointing (and, when necessary, dismissing) the investment managers, custodians, the actuary and investment consultants;
- 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, such as the Trustees' assessment of their effectiveness as a decision-making body, the policies regarding responsible ownership and how such responsibilities have been discharged;
- 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.

C.3. Insurance provider

The insurance provider's responsibility is to pay to the Trustees the benefits secured under the bulk annuity contracts accurately and on a timely basis.

C.4 Investment managers

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

- managing their respective portfolios, within the guidelines agreed with the Trustees;
- 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 including information on voting and engagement undertaken; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

C.4. Custodians

In broad terms, the custodians will be responsible for:

- the safekeeping and reconciliation of the Scheme's directly held investments;
- settling transactions;
- administering income and tax payments; and
- providing performance verification services.

C.5. Actuary and investment consultant

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

- advising on how material changes within the Scheme'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 and custodians, 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.

C.6 Mandates given to advisers and investment managers

The Trustees have in place signed agreements with each of the Scheme's advisers and investment managers. These provide details of the specific arrangements agreed by the Trustees with each party.

C.7. Fee structures

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

The Trustees have agreed Terms of Business with the Scheme's actuarial and investment advisers, under which charges are calculated on a "pre-agreed" basis.

The investment managers receive fees calculated by reference to the market value of assets under management. 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.

There are no direct fees charged by the custodians to the Trustees.

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 Scheme. However, the Trustees will consider revising any given structure if and when it is considered appropriate to do so.

C.8. 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 Scheme's investments, investment providers and professional advisers from time to time. See Section 5 of the SIP. 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.

C.9. Working with the Scheme's employer

When reviewing matters regarding the Scheme'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.