Alanod Pension Fund

Statement of Investment Principles ("SIP")

Purpose of this Statement

This SIP has been prepared by the Trustees of the Alanod Pension Fund (the "Fund"). This statement sets out the principles governing Trustee decisions to invest the assets of the Fund.

The Fund's investment strategy is derived from the Trustees' investment objectives. The objectives have been taken into account at all stages of planning, implementation and monitoring of the investment strategy.

Governance

The Trustees of the Fund will make all major strategic decisions including, but not limited to, the Fund's asset allocation and the appointment and termination of investment managers and platform providers.

When making such decisions, and when appropriate, the Trustees will take proper written advice. The Trustees' investment advisers, Isio, are qualified by their ability in, and practical experience, of financial matters, and have the appropriate knowledge and experience. The investment advisers' remuneration may be a fixed fee or based on time worked, as negotiated by the Trustees in the interests of obtaining best value for the Fund.

Investment objectives

The Trustees invest the assets of the Fund with the aim of ensuring that all members' current and future benefits can be paid. The Fund's funding position will be reviewed on an ongoing basis to assess the position relative to the funding target and whether the investment arrangements remain appropriate to the Fund's circumstances. The Fund's funding target is specified in the Statement of Funding Principles.

In April 2026, the Trustees purchased a buy-in insurance policy with Aviva Life & Pensions UK Limited ("Aviva") so that the vast majority of the Fund's liabilities were insured. The Fund's residual assets is being retained in cash and cash-like investments alongside the buy-in policy.

Investment strategy

The Trustees take a holistic approach to considering and managing risks when formulating the Fund's investment strategy.

The Trustees have purchased a buy-in policy with Aviva so that the vast majority of the Fund's liabilities are insured. This has effectively removed the vast majority of the investment risk (and longevity risk) from the Fund and has enhanced the security of members' benefits. The buy-in policy is expected to meet the vast majority of the future liability cashflows from the Fund.

The Fund's investment strategy was derived following careful consideration of the factors set out in Appendix A. The considerations include the nature and duration of the Fund's liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of employer contributions required to fund the Fund, and also the strength of the sponsoring company's covenant. The Trustees have considered the merits of a range of asset classes.

The Trustees recognise that the investment strategy is subject to risks, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and liabilities. This risk is managed by investing in the buy-in.

The benefits of a buy in policy have been deemed appropriate, having taken the Trustees' objectives into account.

The buy-in policy is not a tradeable asset.

The Fund's residual assets is invested in a cash-like investment via the Mobius Life Limited ("Mobius") investment platform.

Investment Management Arrangements

The Trustees have appointed an insurer and an investment manager to manage the assets of the Fund. The insurer and investment manager are regulated under the Financial Services and Markets Act 2000.

The investments not held with the insurer are made through a platform provider where, with advice, the Trustees will select underlying funds from the platform to implement the chosen strategy. Legal & General ("L&G") have been selected to manage the residual assets of the Fund not held by the insurer in a money market fund ("cash") fund. The Fund's assets held on the platform are held under a Life policy issued to the Trustees by the platform provider, and are invested in pooled funds registered to the platform provider.

The platform provider will be responsible for:

- Investing in the chosen underlying funds in the proportions agreed by the Trustees, adjusted as necessary from time to time;
- Providing the Trustees with quarterly performance reports and asset valuations;
- Providing any initial asset transition plan for the investment consultant to review; and
- Asset rebalancing and meeting cash flow requirements, when required.

The Trustees have made available a cash fund manged by L&G on the platform to invest the residual assets of the Fund not held with an insurer. All decisions about the day-to-day management of the residual invested assets have been delegated to the investment manager via the platform provider. The delegation includes decisions about:

- Selection, retention and realisation of investments including taking into account all financially material considerations in making these decisions;
- The exercise of rights (including voting rights) attaching to the investments;
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustees take investment manager's policies into account when selecting and monitoring managers. The Trustees also consider the performance targets the investment manager is evaluated on. The investment manager is expected to exercise powers of investment delegated to them, with a view to following the principles contained within this statement, so far as is reasonably practicable. The Trustees took the insurer's policies into account when selecting the insurer.

The investment manager's remuneration is based upon a percentage value of the assets under management. The platform provider's remuneration is a combination of fixed fees and fees based upon a percentage value of the assets under management. The fees have been negotiated to be competitive and are reviewed on an ongoing basis.

The remaining assets not held with the insurer are expected to be invested in pooled vehicles managed by L&G. The custody of the holdings is arranged by the investment manager.

Investment Manager Monitoring and Engagement

As the remaining assets not held with the insurer are due to fund the ongoing costs of the Fund and any remaining uninsured liabilities, the Trustees periodically monitor that the Fund has sufficient assets. If this is not the case, the Trustees may need to intervene.

The Trustees acknowledge the importance of Environmental, Social and Governance factors ("ESG") and climate change. As the vast majority of the assets are invested in the buy-in policy, there is limited scope for the Trustees to incorporate ESG into the Fund's investment strategy. ESG was one of the factors taken into account when choosing Aviva as an insurer.

Employer-related investments

The Trustees' policy is to not hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Funds (Investment) Regulations 2005 except where the Fund invests in collective investment Funds that may hold employer-related investments. In this case, the total exposure to employer-related investments will not exceed 5% of the Fund's total asset value. The Trustees will monitor this on an ongoing basis to ensure compliance.

Direct investments

Direct investments, as defined by the Pensions Act 1995, are products purchased without delegation to an investment manager through a written contract. When selecting and reviewing any direct investments, the Trustees will obtain appropriate written advice from their investment advisers.

Compliance

This Statement has been prepared in compliance with the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Funds (Investment) Regulations 2005. Before preparing or subsequently revising this Statement, the Trustees consulted the sponsoring company and took appropriate written advice. The Statement is reviewed at least every three years, and without delay after any significant change in the investment arrangements.

Agreed by the Trustees of the Alanod Pension Fund.

Date: 6 July 2026

Appendix A – Risks, Financially Material Considerations and Non-Financial matters

A non-exhaustive list of risks and financially material considerations that the Trustees have considered and sought to manage is shown below.

The Trustees will adopt an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks	Definition	Policy
Investment	The risk that the Fund's position deteriorates due to the assets underperforming.	• Selecting an investment objective that is achievable and is consistent with the Fund's funding basis and the sponsoring company's covenant strength. • Investing in a diversified portfolio of assets. • The buy-in effectively removes the vast majority of investment risk.
Funding	The extent to which there are insufficient Fund assets available to cover ongoing and future liability cash flows.	• Funding risk is considered as part of the investment strategy review and the actuarial valuation. • The Trustees will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time. • The buy-in effectively removes the vast majority of funding risk.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Fund.	• When developing the Fund's investment and funding objectives, the Trustees take account of the strength of the covenant ensuring the level of risk the Fund is exposed to is at an appropriate level for the covenant to support. • The Fund can now rely on the insurer covenant, although the sponsoring company's covenant is still relevant up until any buyout (if this path is chosen).

The Fund is exposed to a number of underlying risks relating to the Fund's investment strategy, these are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Fund assets and present value of liabilities from changes in interest rates and inflation expectations.	• The buy-in removes the vast majority interest rate and inflation risk from the Fund.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	• The buy-in removes the vast majority liquidity risk from the Fund.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	• To remain appropriately diversified and hedge away any unrewarded risks, where practicable. • Given the heavily regulated nature of the bulk annuity market, market risk is effectively removed.
Credit	Default on payments due as part of a financial security contract.	• To diversify this risk by investing in a range of credit markets across different geographies and sectors. • Given the heavily regulated nature of the bulk annuity market, credit risk is effectively removed.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Fund's investments.	• To select managers on the platform who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criterion: 1. Formalised a Responsible Investment ('RI') Policy / Framework 2. Implementation of the RI Policy / Framework via the investment process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG-specific reporting 5. Signatory to the UN PRI

		Given the nature of the buy-in policy there is limited scope to monitor any ESG criteria. ESG was one of the factors taken into account when choosing Aviva as an insurer.
Currency	The potential for adverse currency movements to have an impact on the Fund's investments.	• The buy-in policy effectively removes currency risk as payments are made in GBP.
Non-financial	Any factor that is not expected to have a financial impact on the Fund's investments.	• Non-financial matters are not taken into account in the selection, retention or realisation of investments.

Appendix B

The Trustees have the following policies in relation to the investment management arrangements for the Fund:

How the investment managers are incentivised to align their investment strategy and decisions with the Trustees' policies.	• As the Fund is invested in pooled funds, there is no scope for these funds to tailor their strategy and decisions in line with the Trustees' policies. However, the Trustees invest in a portfolio of pooled funds that are aligned to the strategic objective. • The purchase of the buy-in policy and any pooled fund holdings are aligned to the Fund's strategic objective.
How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	• The Trustees review the investment managers' performance relative to medium- and long-term objectives. • Where applicable, the Trustees monitor the investment managers' engagement and voting activity on an annual basis as part of their ESG monitoring process. • The Trustees do not incentivise the investment managers to make decisions based on non-financial performance.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustees' policies.	• The Trustees review the performance of all of the Fund's investments on a net-of-cost basis to ensure a true measurement of performance versus investment objectives. • The Trustees evaluate performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years. • Investment manager fees are reviewed annually to make sure the correct amounts have been charged and that they remain competitive.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	• The Trustees do not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net-of-cost basis.
The duration of the Fund's arrangements with the investment managers	• The duration of the arrangements is considered in the context of the type of fund the Fund invests in. • For open-ended funds, the duration is flexible, and the Trustees will from time to time consider the appropriateness of these investments and whether they should continue to be held. • The purchase of the buy-in policy is a permanent investment, but this was deemed to be appropriate for the Fund given the security it provides for members' benefits.

Voting policy – How the Trustees expect investment managers to vote on their behalf	• The Trustees have acknowledged responsibility for the voting policies that are implemented by the Fund's investment managers on their behalf.
Engagement policy – How the Trustees will engage with the platform provider / investment managers, direct assets and others about 'relevant matters'	• The Trustees have acknowledged responsibility for the engagement policies that are implemented by the Fund's investment managers on their behalf. • The Trustees, via their investment advisers, will engage with managers about 'relevant matters' from time to time. • Example stewardship activities that the Trustee has considered are listed below. o Selecting and appointing asset managers – the Trustees will consider potential managers' stewardship policies and activities. Collaborative investor initiatives – the Trustees will consider joining/ supporting collaborative investor initiatives.