Statement of Investment Principles – Molins UK Pension Fund – DB Section
(June 2025)

Introduction

1 This document is the Statement of Investment Principles (the "SIP") made by the Trustee of the Molins UK Pension Fund (the "Fund") in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it). This refers to the Defined Benefit section of the Fund only.

2 The Trustee will review this SIP at least every three years and without delay after any significant change in investment policy. The date this SIP was last reviewed was September 2024. Before finalising this SIP, the Trustee took advice from a suitably qualified firm and consulted Mpac Group plc (the "Company"). The ultimate power and responsibility for deciding investment policy, however, lies solely with the Trustee.

Investment objectives

3 The Trustee has secured the liabilities of the Fund through an insurance contract with Aviva. The Fund has some residual uninsured assets, which will be used to meet any remaining payments that may be required, for example in relation to GMP equalisation, winding up lump sum payments and other expenses. The uninsured assets are held primarily as a pool of liquid cash assets, alongside residual return-seeking assets.

Investment strategy

4 Following implementation of the buy-in insurance contract with Aviva covering the liabilities, the investment strategy makes use of the following investments:

- Aviva buy-in insurance contract
- Liquid cash or other money markets instruments
- a portfolio of residual return-seeking assets

5 The Trustee has appointed an investment manager to manage the Fund's assets on a discretionary basis and to provide investment advisory services to the Trustee (the "Fiduciary Manager"). Following the purchase of a bulk annuity, the Trustee has suspended the guidelines meaning that in the absence of any instruction from the Trustees, the Fiduciary Manager will continue to manage the Fund in its current position. All fund sales and purchases are to be detailed clearly to the Trustee and approval will be required before any portfolio trading (other than ongoing cash management) can or will be taken. The Fiduciary Manager will continue to have discretion to request/vote/etc on changes occurring within pooled funds. In exercising investment discretion, the Fiduciary Manager is required to act in accordance with its obligations in the FMA, and in so doing is expected to give effect so far as reasonably practicable to the principles contained in this SIP. This ensures appropriate incentivisation and alignment of decision-making with the Trustee's overall objectives, strategy and policies.

6 The balance between the investments will be a reflection of the underlying cashflows over time, rather than being determined strategically.

7 The Trustee is aware that they have the flexibility to open the contracts for actuarial services and investment advice to separate competition.

8 The expected return of the liquid cash assets is a cash return.

9 The Trustee's policy is that there will be sufficient investments in liquid or readily realisable assets to meet cash flow requirements in foreseeable circumstances, where possible.

10 The Trustee, together with the Fund's administrators, will hold sufficient cash to meet payment obligations.

Investment managers

11 The Trustee has delegated the ongoing management of relationships with investment managers to the Fiduciary Manager. Investments will be made by the Fiduciary Manager on behalf and in the name of the Trustee directly in pooled vehicles.

12 The Trustee considers the Fiduciary Manager's performance in carrying out these responsibilities as part of its ongoing oversight of the Fiduciary Manager. The Trustee expects the Fiduciary Manager to ensure that the Fund's investment portfolio, in aggregate, is consistent with the policies set out in this SIP, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustee expects the Fiduciary Manager to check that the investment objectives and guidelines of any pooled vehicle are consistent with the Trustee's policies contained in the SIP.

13 WTW has been appointed as Fiduciary Manager since 2022. In accordance with the Financial Services and Markets Act 2000, the selection of specific investments will be delegated to investment managers. The investment managers will provide the skill and expertise necessary to manage the investments of the Fund competently.

14 The Trustee and Fiduciary Manager are not involved in the investment managers' day-to-day method of operation and do not directly seek to influence attainment of their performance targets. . However, the Fiduciary Manager may provide investment recommendations to the investment managers of certain pooled funds appointed where it considers it appropriate. The Fiduciary Manager will maintain processes to ensure that performance and risk are assessed on a regular basis against measurable objectives for each investment manager, consistent with the achievement of the Fund's long term objectives. The Trustee expects the Fiduciary Manager to select investment managers with an expectation of a long-term partnership with the Trustee, which encourages active ownership of the Fund's assets. When assessing an investment manager's performance, the Trustee expects the Fiduciary Manager to focus on longer-term outcomes, commensurate with the Trustee's position as a long term investor. Consistent with this view, the Trustee does not expect that the Fiduciary Manager would terminate an investment based purely on short-term performance but recognises that an investment may be terminated within a short timeframe due to other factors such as a significant change in the relevant manager's business structure or investment team. The Trustee adopts the same long term focus as part of its ongoing oversight of the Fiduciary Manager.

15 The Trustee recognises that an investment's long-term financial success is influenced by a range of financially material factors including environmental, social and governance ("ESG")

issues. The time horizon over which financially material factors are being considered is the period through to wind-up, expected around 2027.

16 Consequently, the Trustee (through the selection of the Fiduciary Manager with its approach to ESG issues as set out in paragraphs 19 and 20 below) seeks to be an active investor. The Trustee's focus is explicitly on financially material factors. The Trustee's policy at this time is not to take into account non-financial matters.

17 When considering its policy in relation to stewardship including engagement and voting, the Trustee expects investment managers to address broad ESG considerations. The Trustee assesses that ESG risks, including climate change, pose a financial risk to the Fund and that focussing on these issues is ultimately consistent with the Trustee's fiduciary duties and the financial security of its members. Whilst the Trustee's policy is to delegate a number of stewardship activities to the Fiduciary Manager and its investment managers, the Trustee recognises that the responsibility for these activities remains with the Trustee. The Trustee incorporates an assessment of how well the Fiduciary Manager and investment managers exercise these responsibilities as part of its overall assessment of their performance.

18 The Fiduciary Manager has a dedicated sustainable investment resource and a network of subject matter experts. The consideration of ESG issues is fully embedded in the investment manager selection and portfolio management process, with oversight undertaken on a periodic basis. The Trustee expects the Fiduciary Manager to assess the alignment of each investment manager's approach to sustainable investment (including engagement) with its own before making an investment on the Fund's behalf. The Trustee expects the Fiduciary Manager to engage with the Fund's investment managers where the Fiduciary Manager considers this appropriate regarding their approach to stewardship with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings. In addition, the Trustee expects the Fiduciary Manager to review the investment managers' approach to sustainable investment (including engagement) on a periodic basis and engage with the investment managers to encourage further alignment as appropriate.

19 The Fiduciary Manager considers a range of sustainable investment factors, such as, but not limited to, those arising from ESG considerations, including climate change, in the context of a broader risk management framework. The degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and particular exposures which the Fiduciary Manager takes into account in the assessment.

20 The Fiduciary Manager encourages and expects the Fund's investment managers to sign up to local or other applicable stewardship codes, in keeping with good practice, subject to the extent of materiality for certain asset classes. The Fiduciary Manager itself is a signatory to the Principles for Responsible Investment and the UK Stewardship Code and is actively involved in external collaborations and initiatives.

21 The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) to its investment managers where such rights are present. The Fiduciary Manager assesses the voting policies of the investment managers that it appoints on the Trustee's behalf, for consistency with the Trustee's policies and objectives, as appropriate. The Fiduciary Manager has also appointed EOS at Federated Hermes to undertake public policy engagement and company-level engagement on its behalf.

22 The Trustee expects the Fiduciary Manager to consider the fee structures of investment managers and the alignment of interests created by these fee structures as part of its investment decision making process, both at the initial selection of an investment manager and on an ongoing basis. Investment managers are generally paid an ad valorem fee, in line with

normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The Trustee expects the Fiduciary Manager to review and report on the costs incurred in managing the Fund's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual investment manager level, the Trustee expects the Fiduciary Manager to have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

Additional Voluntary Contributions ("AVCs")

23 The Trustee gives members the opportunity to invest in a range of vehicles at the members' discretion. The Trustee will monitor from time to time the AVC arrangements to make sure these remain suitable for members.

Other matters

24 The Fund is a Registered Pension Fund for the purposes of the Finance Act 2004.

25 In view of the limited kinds of investment held by the Fund and the short period until the Trust is expected to be wound up, the Trustee considers that it is reasonable that there should be no formal policy in relation to the balance between different investments, the expected return on investments, financially material considerations and non-financial matters, stewardship and voting.

26 The Trustee recognises a number of risks involved in the investment of the Fund's assets, and, where applicable, monitors these risks in conjunction with the Fiduciary Manager.

Solvency risk and mismatch risk:

- are measured through a qualitative and quantitative assessment of the expected development of the Fund's funding level.
- are managed through the development of a portfolio consistent with delivering the Fund's investment objective.

Investment Manager risk:

- is measured by the expected deviation of the return relative to the benchmark set.
- is managed by considering when to employ active versus passive management given prospective net of fees returns, consideration of the appropriate amount of the Fund's assets to allocate to any active portfolios and by monitoring the actual deviation of returns relative to the benchmark and factors supporting the investment managers' investment process.

Liquidity risk:

- is measured by the level of cash flow required by the Fund over a specified period.
- is managed by the Fund's administrator assessing the level of cash held in order to limit the impact of the cash flow requirements on the investment policy and through holding assets of appropriate liquidity.

Custodial risk:

- is addressed through investment in pooled vehicles, with the pooled fund managers being responsible for selection of suitable custodians.

Insurer risk:

- is measured by assessing the credit-worthiness of the provider of the Fund's buy-in policy and the ability of the insurer to meet the likely benefit outgo of the Fund is managed by monitoring the Fund's buy-in provider

- the Trustee believes that it has four layers of protection in the event of default by Aviva; the covenant of Aviva, the Financial Services Compensation Scheme, the covenant of the Company, and the Pension Protection Fund

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 political intervention.

- is managed by regular reviews of the actual investments relative to policy and through the level of country diversification within the policy.

Sponsor risk:

- is measured by receiving regular financial updates from the Company and periodic independent covenant assessments.

Version control

The table below records the changes made by the Trustee to this document.

Version	Primary nature of change	Date implemented
1	Initial version	1997
2	Update to reflect changes to manager structure	1998
3	Update to reflect changes to manager structure	1999
4	Update to reflect approach to Responsible Investment	2000
5	Update to reflect changes to manager structure	2001
6	Update to reflect strategy changes	2002
7	Update to reflect changes to manager and asset allocation structures	2004
8	Update to reflect changes to manager structure	2006
9	Update to reflect numerous wording changes	July 2009
10	Update to reflect change to investment approach	July 2010
11	Update to reflect de-risking framework	January 2012
12	Update to reflect strategy changes	March 2014
13	Update to reflect strategy changes	January 2018
14	Update to reflect strategy changes	June 2019
15	Update to reflect strategy changes	June 2020
16	Update to reflect regulatory changes	September 2020
17	Update to reflect transition to Fiduciary Manager and a strategy change (latest version)	June 2022
18	Update to reflect numerous wording changes	June 2023
19	Update to reflect annual review and minor wording changes	September 2024
20	Update to reflect full buy-in and retention of TWL as Fiduciary Manager on reduced scope	June 2025