



Statement of Investment Principles

Wadworth and Company Limited Pension Scheme

May 2026

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01 Introduction

Purpose

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 for the Wadworth and Company Limited Pension Scheme ('the Scheme'). It describes the investment policy being pursued by the Trustees of the Scheme and is in accordance with the Government's voluntary code of conduct for Institutional Investment in the UK ('the Myners Principles'). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

Scheme details

The exclusive purpose of the Scheme is to provide retirement and death benefits to eligible participants and beneficiaries. It qualifies as a registered pension scheme, registered under Chapter 2 of Part 4 of the Finance Act 2004.

The Scheme Actuary is Jim Burrows, and the Investment Consultant is XPS Investment Limited, both part of XPS Group (collectively termed 'the Advisers').

Advice and consultation

Before preparing this Statement, the Trustees have sought advice from the Scheme's Investment Consultant, XPS Investment Limited, to advise on general matters relating to the investment of the Scheme's assets and on reviewing this SIP. The Trustees have also consulted the Principal Employer. The Trustees will consult the Principal Employer on any future changes in investment policy as set out in this Statement.

Investment powers

The Scheme's Trust Deed and Rules set out the investment powers of the Trustees. This Statement is consistent with those powers. Neither this Statement nor the Trust Deed and Rules restricts the Trustees' investment powers by requiring the consent of the Principal Employer.

In accordance with the Financial Services and Markets Act 2000, the Trustees set general investment policy but delegate responsibility for the selection of the specific securities and any financial instruments in which the Scheme invests to the Investment Managers.

Review of the Statement

The Trustees will review this Statement and their investment policy at least every three years in conjunction with each triennial valuation or immediately following any significant changes in investment policy.

The Trustees will also review this Statement in response to any material changes to any aspect of the Scheme, its liabilities, finances and attitude to risk of either the Trustees or Principal Employer which it judges to have a bearing on the stated investment policy.

The Trustees will receive confirmation of the continued appropriateness of this Statement from the Scheme's Investment Consultant periodically.

Definitions

Capitalised terms in this document mean the following:

Act - The Pensions Act 1995 (as amended by section 244 of the Pensions Act 2004);

AVCs - Additional Voluntary Contributions;

Buy-in - An insurance policy that covers some or all of a pension scheme's liabilities in the Trustees' name to mitigate the risk that the Scheme cannot pay the future benefits covered by the policy;

Insurance Provider - Aviva Plc ("Aviva");

Investment Manager - An organisation appointed by the Trustees to manage investments on behalf of the Scheme;

Principal Employer - Wadworth and Company Limited;

Recovery Plan - The agreement between the Trustees and the Principal Employer to address the funding deficit;

Scheme - The Wadworth and Company Limited Pension Scheme;

Statement - This document, which is the Trustees' Statement of Investment Principles;

Trust Deed and Rules - the Scheme's Trust Deed and Rules dated 1 April 1998, as subsequently amended;

Trustees - the collective entity responsible for the investment of the Scheme's assets and managing the administration of the Scheme;

Value at Risk - a technique which uses historical correlations of asset class returns and volatilities to estimate the likely worst-case scenario loss for a given portfolio of assets.

02 Strategic investment policy and objectives

Choosing investments

The Trustees have selected a buy-in policy through which benefits due under the Scheme are secured. The selection of the buy-in policy was made having taken written investment advice. The advice covered the suitability of the insurance policy; whether there was any need for diversification, given Scheme circumstances; and the principles and objectives within this Statement. In addition to the buy-in policy, the Trustees maintain a residual allocation with the Investment Manager, Schroders Investment Management Limited (SIM) consisting of liquid investments to cover any additional expenses or potential 'true-up' payments required by the Insurance Provider. The Trustees make decisions about pooled investment vehicles and direct investments in which the Scheme invests and any AVC investment vehicles.

In regards to the residual surplus assets, the Trustees' policy is to regularly review the investments over which they retain control and to obtain written advice about them when necessary. When deciding whether or not to make any new investments the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the Investment Managers through the funds they manage. The written advice will consider the suitability of the investments, the need for diversification and the principles and objectives within this Statement. The adviser will have the knowledge and experience required under Section 36(6) of the Act.

Long-term objectives

The primary investment objective of the Trustees is to seek to ensure the Scheme is able to meet the benefit payments promised as they fall due. The Trustees believe that the buy-in policy is an appropriate way to meet this objective.

Expected returns

By securing benefits through the buy-in policy, the Trustees expect that the change in value of the insurance policy will match the change in value of the benefits due under the Scheme. The residual assets are invested with SIM and are expected to return in line with the Sterling Overnight Index Average.

Investment Policy

Following advice from the Investment Consultant, the Trustees have set the investment policy and objectives with regard to the Scheme's liabilities and funding level.

This resulted in the Trustees completing a buy-in of the Scheme's liabilities with the Insurance Provider in March 2026. The majority of the residual assets are held with SIM and there is also a small holding of shares in the Principal Employer which the Trustees are in the process of selling.

The investment policy the Trustees have adopted is detailed in Appendix I. The specific Investment Manager mandates against which performance of the assets will be assessed are specified in Appendix II.

Range of assets

The majority of the Scheme's assets are a buy-in policy. The Trustees have no direct influence on the range of assets which support the payments due under the policy. The Insurance Provider will invest in an appropriate range of assets in line with the risk profile of their annuity business and the regulatory and capital regime with which they are required to comply.

The Trustees consider the investment arrangements with the Insurance Provider to be aligned with the Scheme's overall strategic objectives. The Insurance Provider is contractually obliged to invest the assets for which they are responsible in such a way that ensure they meet all of the benefits insured and comply with regulatory and capital requirements.

The Scheme also retains assets with SIM alongside the insurance policy and has a small holding in shares of the Principal Employer which the Trustees are in the process of selling. This combination of assets in accordance with the investment policy detailed in Appendix I and the specific manager mandates detailed in Appendix II is deemed to be a reasonable strategy for the Scheme.

Strategic investment policy and objectives continued

Incentives and Engagement Policy

Investment Managers responsible for the non buy-in assets are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers as part of the Scheme's investment strategy – and hence the fees they receive – are dependent upon them doing so. They are therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustees' expectations, including the selection / deselection criteria set out in Section 6.

The Trustees will ensure that the Scheme's assets are predominantly invested in regulated markets to maximise their security.

The Trustees encourage the Insurance Provider and Investment Manager to make decisions in the long-term interests of the Scheme where applicable. The Trustees expect engagement by the Investment Managers with management of the underlying issuers of debt or equity and the exercising of voting rights.

This expectation is based on the belief that such engagement can be expected to help the Investment Managers to mitigate risk and improve the predictability of long-term returns. As covered in more detail in Section 3, the Trustees also require the Investment Managers to take ESG factors and climate change risks into consideration within their decision-making as the Trustees believe these factors could have a material financial impact in the long-term. The Trustees therefore make decisions about the retention of Investment Managers, accordingly.

03 Responsible investment

The Trustees have considered their approach to environmental, social and corporate governance (“ESG”) factors for the long-term time horizon of the Scheme and believe there can be financially material risks relating to them.

However, the vast majority of the Scheme’s assets have been used to purchase a buy-in policy. The Trustees have no direct influence on the range of assets which support payments due under the policy. Therefore, the Trustees’ ongoing policy on responsible investment relates to the surplus assets that remain invested with the Investment Managers.

The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme’s Investment Manager. However, given that the Scheme’s surplus assets are invested solely in a cash fund, the impact of ESG related risks is expected to be limited. Therefore, the Trustees will take a proportionate approach given the limited impact and limited influence on ESG matters in relation to the surplus assets.

Where appropriate, the Trustees will seek advice from the Investment Consultant on the extent to which its views on ESG and climate change risks may be taken into account in any future investment decisions. Furthermore, the Trustees, with the assistance of the Investment Consultant, will monitor the processes and operational behaviour of the Investment Managers from time to time, to ensure they remain appropriate and in line with the Trustees’ requirements as set out in this Statement.

As the Scheme invests in pooled funds, the Trustees’ policy is to delegate to the Investment Manager the exercise of rights attached to investments, including voting rights, and to encourage the manager to engage with issuers where this is expected to protect or enhance the long-term value of the Scheme’s investments. In practice, the Scheme’s surplus assets are invested solely in a cash fund, where there are no voting rights and

limited scope for issuer specific engagement. The Trustees nevertheless expect the Investment Manager to take account of relevant stewardship considerations in managing these assets, where appropriate.

When considering the selection, retention or realisation of future investments, the Trustees have a fiduciary responsibility to act in the best interests of the beneficiaries of the Scheme. The Trustees have not, to date, taken account of non-financial matters (including members’ ethical views or social and other non-financial considerations) in setting the Scheme’s investment strategy. Given the majority of the Scheme’s assets are invested in a buy-in policy, the Trustees believe this approach is proportionate.

As part of the Investment Consultant’s regular monitoring, Investment Managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. In addition, where possible and appropriate, the Investment Consultant will engage with the Trustees’ Investment Managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council’s UK Stewardship Code. The Investment Consultant will notify the Trustees in relation to any change in their ESG views or notifiable events in relation to the Scheme’s surplus assets.

Responsible Investment continued

Oversight of Investment Manager approach

The Investment Consultant is expected to engage with the Investment Managers from time to time and report back their views in respect of ESG and climate matters. Given the Scheme's surplus assets are invested solely in a cash fund, where ESG integration is generally limited, the Trustees do not expect to undertake regular oversight beyond that undertaken by the Investment Consultant. They may consider additional oversight or reporting from time to time from the Investment Consultant and, may review this approach should the surplus assets change in the future.

04 Risk measurement and management

The Trustees recognise a number of risks involved in the investment of the assets of the Scheme. The Trustees measure and manage these risks as follows:

Solvency risk and mismatching risk - The risk that the assets do not respond to market changes in the same way as the liabilities, resulting in volatility in the funding position is addressed through the purchase of a buy-in policy with a reputable Insurance Provider which is expected to match the payments of the benefits due. This risk will only be removed at the point of buyout.

Strategy risk - The risk that the Investment Managers' asset allocation of the residual funds deviates from the Trustees' investment policy is addressed through periodic reviews of the asset allocation. In reviewing the investment strategy on a periodic basis, the Trustees will consider the current economic factors affecting the asset classes in which they have invested and the short to medium term outlook for performance by reference to e.g. current and historic yields, GDP growth forecasts and other relevant factors.

Liquidity risk - The risk that assets cannot be sold quickly enough to enable benefits to be paid or that the Trustees cannot exit a particular investment is addressed through the process by which the administrator estimates the benefit outgo and ensures that sufficient cash balances are available, and through the Trustees' policy on realisation of assets (see below).

Inappropriate investments - The risk that an Investment Manager invests in assets or instruments that are not considered to be appropriate by the Trustees is addressed through the Trustees' policy on the range of assets in which the Scheme can invest (see section 2).

Counterparty risk - The risk that a third party fails to deliver cash or other assets owed to the Scheme is addressed through Investment Manager and insurer guidelines with respect to cash and counterparty management. In respect of the buy-in contract, this risk has been mitigated by the Trustees taking advice on the strength of the Insurance Provider's covenant. In addition, the Financial Services Compensation Scheme provides an extra level of security should the Insurer fail.

Political risk - The risk of an adverse influence on investment values from political intervention is reduced by diversification of the assets.

Custodian risk - The risk that the custodian fails to provide the services expected is addressed through the agreement with the third-party custodian and ongoing monitoring of the custodial arrangements. In pooled arrangements this is invariably delegated to the Investment Managers.

Manager risk - The risk that an Investment Manager fails to meet their stated objective is addressed through the performance objectives set out in Appendix II and through the monitoring of the Investment Managers as set out in section 6. In monitoring the performance of the Investment Managers, the Trustees measure the returns relative to the benchmark, objective and the volatility of returns. In addition, the Trustees will regularly review the Investment Manager's approach to risk within each fund in order to highlight any unintended risk being taken. For example:

- > The Scheme has an allocation to shares in the Principal Employer (Ords, A Ords, and 9.5% Prefs). These are independently valued – please see section below on Investment Restrictions.
- > For the cash fund, the Trustees will consider the type, quality and maturity of the underlying assets;

Fraud/Dishonesty - The risk that the Scheme's assets are reduced by illegal actions is addressed through restrictions applied as to who can authorise transfer of cash and the account to which transfers can be made.

Currency risk – The risk of losses through depreciation of non-sterling currencies is measured by reference to the exposure of the Scheme to pooled funds with unhedged currency risk and is managed by investing predominantly in sterling assets and only taking currency risk where it increases the level of diversification.

ESG risk – The risk that environmental, social and governance factors can have a material effect on the ability of meeting long-term investment objectives is addressed, to the extent that it is possible, by delegating to the Investment Managers. Further detail is provided in this Statement.

05 Realisation of assets and investment restrictions

Realisation of investments

The Scheme has secured a buy-in insurance policy with the Insurance Provider which provide payments to cover the benefits due to be paid from the Scheme; the policy itself is not a realisable asset.

The Trustees also have an allocation to a cash fund through SIM which is used to meet expenses and other cashflow requirements as they fall due.

In recognition of the fact that funds may need to be realised for a number of unanticipated reasons at any time, and the desirability of retaining as high a degree of flexibility as possible to cater for unexpected changes in circumstances, The Trustees will monitor closely the extent to which any assets not readily realisable are held by the Investment Managers and will limit such assets to a level where they are not expected to prejudice the proper operation of the Scheme.

The Trustees have considered how easily investments can be realised for the non-buy-in assets in which the Scheme is currently invested. As such, the Trustees believe that the Scheme currently holds an acceptable level of readily realisable assets. The Trustees will also take into account how easily investments can be realised for any new investment classes it considers investing in, to ensure that this position is maintained in the future.

The Trustees will hold cash to the extent that they consider is necessary to meet impending anticipated outflows. A bank account is used to facilitate the holding of cash awaiting investment or payment.

The Scheme has secured a buy-in insurance policy with the Insurance Provider which provides payments.

Investment restrictions

The Trustees have established the following investment restrictions:

- > The Trustees or the Investment Managers may not hold in excess of 5% of the Scheme's assets in investments related to the Principal Employer;
- > Whilst the Trustees recognise that borrowing on a temporary basis is permitted, this option will only be utilised where it is deemed absolutely necessary or where the Trustees have received advice from the Investment Consultant that the Scheme's overall exposure to risk can be reduced through temporary borrowing, e.g. during an asset transfer;
- > Investment in derivative instruments may be made only insofar as it contributes to a reduction in risk or to facilitate efficient portfolio management.

The Investment Managers impose internal restrictions that are consistent with their house style. In some instances, the Trustees may impose additional restrictions and any such restrictions are specified in Appendix II.

06 Investment Manager Arrangements and fee structure

Delegation to Investment Manager(s)

In accordance with the Act, the Trustees have appointed one or more Investment Managers and delegated to them the responsibility for investing the Scheme's assets in a manner consistent with this Statement.

Furthermore, the Trustees have purchased an insurance policy with the Insurance Provider to provide all of the required funds to meet benefits payable to members.

The Investment Manager is authorised and regulated to provide investment management services to the Scheme. Within the UK, the authorisation and regulation of the Investment Managers falls under the Financial Conduct Authority (FCA). Specific products in which the Scheme invests may also be authorised and regulated by the Prudential Regulatory Authority (PRA). For non-UK Investment Managers, authorisation and regulation is undertaken by the home state regulator.

Where Investment Managers are delegated discretion under section 34 of the Pensions Act 1995, the Investment Managers will exercise their investment powers with a view to giving effect to the principles contained in this Statement so far as reasonably practicable. In particular, the Investment Manager must have regard to the suitability and diversification of the investments made on behalf of the Scheme.

The Investment Managers will ensure that suitable internal operating procedures are in place to control individuals on making investments for the Scheme.

Performance objectives

The individual benchmarks and objectives against which each investment mandate is assessed are given in Appendix II.

Review process

Appointments of Investment Managers are expected to be long-term, but the Trustees will review the appointment of the Investment Managers in accordance with their responsibilities. Such reviews will include analysis of each Investment Manager's performance and processes and an assessment of the diversification of the assets held by the Investment Manager. The review will include consideration of the continued appropriateness of the mandate given to the Investment Manager within the framework of the Trustees' investment policies.

Any significant changes relating to the criteria below that the Investment Consultant is aware of will be highlighted, which may lead to a change in the Investment Consultant's rating for a particular mandate. These ratings help to determine an Investment Manager's ongoing role in implementing the investment strategy. If there are concerns, the Trustees may carry out a more in-depth review of a particular Investment Manager. Investment Managers will also attend Trustee meetings as requested.

Fund manager remuneration is considered as part of the manager selection process. It is also monitored regularly with the help of the Investment Consultant to ensure it is in line with the Trustees' policies and with fee levels deemed by the Investment Consultant to be appropriate for the particular asset class and fund type.

Selection / Deselection Criteria

The criteria by which the Trustees will select (or deselect) the Investment Managers include:

- > Parent - Ownership of the business;
- > People - Leadership/team managing the strategy and client service;
- > Product - Key features of the investment and the role it performs in a portfolio;
- > Process - Philosophy and approach to selecting underlying investments including operational risk management and systems;
- > Positioning - Current and historical asset allocation of the fund;
- > Performance - Past performance and track record;
- > Pricing - The underlying cost structure of the strategy;
- > ESG – Consistency and extent to which ESG analysis is incorporated into the process of selecting underlying investments.

An Investment Manager may be replaced, for example (but not exclusively), for one or more of the following:

- > The Investment Manager fails to meet the performance objectives set out in Appendix II;
- > The Trustees believe that the Investment Manager is not capable of achieving the performance objectives in the future;
- > The Investment Manager fails to comply with this Statement.

Investment Manager Arrangements and fee structure continued

Insurance Providers' fee structure

The Insurance Providers' fees are met through a combination of one or both of the following:

- > A margin added to the cost of securing the benefits at the time of securing the buy-in policy.
- > Any assets that exceed the required Scheme benefits paid out, throughout the life of the policy.

Investment Managers' fee structure

The Investment Managers responsible for the non-buy-in assets are remunerated by receiving a percentage of the Scheme assets under management and, in some cases, through the application of a flat fee. Details of the fee arrangements are set out in Appendix II. It is felt that this method of remuneration provides appropriate incentives for the Investment Managers to target performance in line with the Trustees' objectives whilst also adhering to the level of risk specified by the Trustees.

Portfolio turnover - Insurance Provider

Given that the Trustees have secured a buy-in policy with the Insurance Provider, the portfolio turnover on the underlying assets and the associated costs are a matter for the Insurance Provider.

Portfolio turnover - Investment Manager

The Trustees require the Investment Managers to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

The Trustees do not deem it appropriate to set a specific turnover target or limit, but they expect their Investment Managers to keep turnover to a minimum and be able to justify any turnover in terms of improved performance or reduced risk.

Investment Consultant's fee structure

The Investment Consultant is remunerated for work completed on a fixed fee basis, a time-cost basis or via a project fee. It is felt that this method of remuneration is appropriate because it enables the Investment Consultant to provide the necessary advice and information to facilitate the Trustees in undertaking their responsibilities.

07 Additional Voluntary Contribution arrangements

Provision of AVCs

The Scheme provided a facility for members to pay additional voluntary contributions (AVCs) to enhance their benefits at retirement. The Trustees' objective was to provide vehicles that enabled members to generate suitable long-term returns, consistent with their reasonable expectations.

The investment funds were provided by Utmost Life & Pensions and Clerical Medical Investment Group.

The Trustees selected these vehicles as they were believed to meet the Trustees' objective of providing investment options that enabled AVC members to generate suitable long-term returns, consistent with their reasonable expectations.

Members were no longer able to pay AVCs into the Scheme since it closed to future benefit accrual on 30 November 2006.

Review process

The Trustees recognise that members' AVC arrangements cannot remain within the Scheme's trust at the point at which it is ultimately bought out. The Trustees will, therefore, seek to make alternative arrangements for the AVCs in the interim.

Prior to their reassignment, the Trustees acknowledge that the appointment of the AVC providers and the choice of AVC funds offered to members will be reviewed by the Trustees in accordance with their responsibilities, based on the result of the monitoring of performance and process. The Trustees will review the appointment of the AVC providers periodically in the light of their performance.

Where possible, performance of the AVC providers will be measured relative to the individual benchmarks and objectives for the funds offered and/or to other providers offering similar fund options as measured in industry AVC surveys.

08 Compliance Statement

Confirmation of advice

Before a Statement of Investment Principles, as required by the Pensions Act 1995, is prepared or revised by the trustees of a pension scheme, they must have consulted with the principal employer and obtained and considered the written advice of a person who is reasonably believed by it to be qualified by his ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of such schemes.

The Investment Consultant hereby confirms to the Trustees that they have the appropriate knowledge and experience to give the advice required by the Act.

Trustees' declaration

The Trustees confirm that this Statement of Investment Principles reflects the Investment Strategy they have decided to implement. The Trustees acknowledge that it is their responsibility, with guidance from the Advisers, to ensure the assets of the Scheme are invested in accordance with these Principles.

Appendix I

Investment Strategy & Structure

Overall strategy

Following the purchase of the insurance buy-in contract the Trustees have adopted a strategy where the Scheme's assets (excluding the buy-in policy) are invested in the SIM Cash Fund. Other non-buy-in assets are held as cash within the Trustees' Bank Account. Both holdings will be used for cashflow requirements as necessary. The Scheme also currently holds some shares in the Principal Employer and the Trustees have taken steps towards progressing the sales of these shares.

Appendix II

Fund benchmarks, objectives & fees

Schroders Investment Management Limited
(SIM)

Schroders Cash Fund

Benchmark: SONIA

Objective: Aims to provide income and capital growth and has a cumulative objective of (i) offering returns in line with SONIA and (ii) preserving the value of the investment

Notes:

SONIA: Sterling Overnight Index Average



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