Rollalong Pension Scheme

Statement of Investment Principles

February 2024

1 Introduction

1.1 This Statement sets out the principles governing decisions concerning investments for the Rollalong Pension Scheme (the Scheme) in accordance with the following legislation and regulations:

1) Section 35 of the Pensions Act 1995 ("the Act").

2) Section 244 of the Pensions Acts 1995 & 2004 and the Occupational Pension Schemes (Investment) Regulations 2005.

3) The Pension Protection Fund (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

4) Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

It is subject to periodic review by the Trustees.

1.2 In finalising this Statement, the Trustees have taken advice from their appointed Investment Adviser, Broadstone Corporate Benefits Limited, who have confirmed that they have the appropriate knowledge and experience to give advice required by section 35(5)(a) of the Act.

1.3 The Trustees have consulted Rollalong as the Principal Employer under the Scheme, and agreed the approach taken in this Statement.

1.4 In December 2023, the Trustees transferred the Scheme's Defined Benefit (DB) liabilities via a buy-in transaction with an insurer. The majority of the Scheme's assets were used to purchase the buy-in contract but, due to the strong funding position of the DB Scheme, some assets remained invested (the "Additional Assets"). This Statement relates solely to the 'Additional Assets' and how these are managed by the Trustees.

1.5 This Statement is consistent with the investment powers of the Trustees as set out in the Rules and the Trustees will refer to the Rules for any clarification of their investment powers (see Appendix 2). Neither this Statement nor the Rules restricts the Trustees' investment powers by requiring the consent of the Principal Employer.

1.6 Except for cash, the Trustees do not themselves conduct any day-to-day management of any of the Scheme's investments. Such management is delegated to appropriately qualified investment managers.

2 Choosing investments

2.1 The Trustees expect the appointed Investment Manager to have regard to the need for diversification of investments, in so far as this is appropriate to the circumstances of the Scheme.

2.2 Before investing in any manner, the Trustees will obtain and consider advice from their appointed Investment Adviser and/or their appointed fund managers as appropriate on the suitability of such investment and its appropriateness in accordance with this Statement.

2.3 The Trustees purchased a buy-in contract from Aviva in December 2023. The contract is held in the Scheme's name and is an asset of the Scheme. As the insurance company, Aviva will guarantee the

Scheme's ongoing cash flow needs for future benefit payments as projected for the participants and agreed in the contract. The Trustees' intention is to convert the buy-in contract into a buy-out (where individual annuity contracts are be assigned to each member) so that the Scheme can be wound up in due course.

2.4 At the date of the buy-in transaction, the value of the investments was greater than the premium payable to Aviva, meaning that the Scheme retained these 'Additional Assets' (value of investments at transaction date minus premium paid).

3 Governance

3.1 The Trustees remain responsible for the investment of the 'Additional Assets' and take some decisions themselves whilst delegating others to the appointed Investment Manager. When deciding which decisions to take themselves and which to delegate, the Trustees have considered whether they have the appropriate training and expert advice to take an informed decision. The Trustees have established the following decision-making structure:

Trustees

- Set structures and processes for carrying out their role.
- Select and monitor asset allocation.
- Select and monitor investment managers.
- Make day to day decisions relevant to the operation of the Scheme's investment strategy.
- Consider the comments made by the Newship Group Pension Sub Committee.

Investment Adviser

- Advises on all aspects of the investment of the 'Additional Assets', including implementation.
- Advises on this Statement.
- Provides training as required to Trustees

Investment Manager

- Operate within the terms of this Statement and their written contracts.
- Select individual investments regarding their suitability and diversification.

3.2 With specific reference to their relationship with the appointed investment manager, the Trustees have established the following policies:

- **Monitoring the capital structure of investee companies**: The Trustees delegate the responsibility for monitoring the make-up and development of the capital structure of investee companies to the Investment Manager. Further, the Trustees do not incentivise the Investment Manager to make decisions based on assessments about medium to long term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity to improve their performance in the medium to long term.

- **Managing conflicts of interest**: The Trustees have a formal conflict of interest policy and register, which is reviewed at each Trustee meeting. The documents record any actual or potential conflicts of interest in relation to investee companies or the Investment Manager, while also setting out a process for the management of any such conflict.

Incentivising the Investment Manager: The Investment Manager is primarily remunerated via an agreed fixed annual percentage of the 'Additional Assets'. The Trustees do not directly incentivise the Investment Manager to align its investment strategy and decisions with the

Trustees' policies and objectives. However, the Trustees will review the Investment Manager from time to time to assess whether the 'Additional Assets' are broadly managed in line with the Trustees' policies and objective.

- **Evaluation of the Investment Manager's performance and remuneration**: The Trustees will review the Investment Manager's remuneration and performance relative to the market costs and performance of other providers with similar strategies.

- **Monitoring portfolio turnover**: The Trustees expect the Investment Manager to change underlying holdings only to extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions. Therefore, the Trustees does not set a specific turnover target for their strategy or underlying funds but expect the Investment Manager to provide information on portfolio turnover on request.

- **Duration of the arrangement with the Investment Manager**: The Trustees consider on a regular basis whether the Investment Manager remains appropriate to continue to manage the 'Additional Assets'. The Trustees expect the Investment Manager to supply them with sufficient information each quarter to enable them to monitor financial and non-financial performance.

- **Frequency of review**: The Trustees will review the performance of the Investment Manager, via its own quarterly reporting and will conduct a fuller review to consider all matters referred to above at least once every three years.

4 Types of investments held

4.1 The 'Additional Assets' are solely invested with Legal and General Investment Management (the "Investment Manager") and totalled approximately £1.6m on 31 January 2024.

4.2 Following discussions with the Principal Employer, the Trustees agreed to solely invest the 'Additional Assets' in a cash fund with the Investment Manager with the aim of preserving capital value.

5 Concentration of investments

5.1 To avoid undue concentration in any geographical region or sector, where segregated mandates are used, the Trustees will impose on the appointed Investment Manager requirements to diversify and such restrictions as they deem appropriate.

6 Risk

6.1 The Trustees have considered the following risks, in respect of the buy-in transaction and the ongoing management of the 'Additional Assets', which are kept under review:

- the risk of financial markets not performing in line with expectations ("market risk"), which may adversely impact the value of the 'Additional Assets'.
- the risk of an increase in inflation ("inflation risk"), which may erode the capital value of the 'Additional Assets'.
- the risk of changes in pension regulations ("regulatory risk"), which may impact how the 'Additional Assets' are managed.
- the risk of the data calculations used for the buy-in not accurately reflecting the liabilities of the Scheme when it is in preparation for a buy-out ("calculation risk").
- the risk of the insurer failing to meet its obligations ("counterparty risk"). This risk is considered by the Trustees and their advisers both upon the initial appointment of the insurer and on an on-going basis thereafter.
- to ensure that the 'Additional Assets' are invested in such a way that any unexpected cash needs of the Scheme can be met in a timely and cost-efficient manner ("liquidity risk").
- the risk that the Investment Manager, who manages the 'Additional Assets', does not meet the stated objectives of the strategy held ("manager risk"). This risk is monitored by the Trustees (and their advisers) on an ongoing basis.
- the risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustees have sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.

7 Realisation of investments

7.1 The realisation of investments is delegated to the appointed Investment Manager as part of their day-to-day management activities.

8 Environmental, social, and governance (ESG) criteria

8.1 The Trustees believe that environmental, social and governance factors are financially material and therefore have a policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments to ensure the sustainability of any investment selected. However, given that the 'Additional Assets' are solely invested in a cash fund, the Trustees note that the application of this policy is limited.

8.2 The Trustees' voting and engagement policy is to use their investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustees believe that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of their investments and is in the members' best interests. The Trustees will aim to monitor the actions taken by the Investment Managers on their behalf and if there are significant differences from the policy detailed above, they will escalate their concerns which could ultimately lead to disinvesting their assets from the Investment Manager.

8.3 The Trustees expect the Investment Manager to exercise voting rights and engage with companies, on behalf of the Schemes holdings (where relevant), and this will be monitored within the Implementation Statement in the Scheme's Annual Report and Accounts.

8.4 Further, the Trustees expect that, when selecting investments for purchase, retention, or sale, social, environmental, and ethical considerations will be among the factors that a fund manager will consider in the pursuit of long-term return.

9 Corporate Governance

9.1 The Trustees expect the Investment Manager to exercise the rights attaching to investments on behalf of all participants in the manner which supports the investment and performance objectives of the Scheme.

10 Additional voluntary contributions (AVCs)

10.1 The Trustees have full discretion as to the appropriate vehicles made available for the investment of members' AVCs. Only investment vehicles considered suitable for AVC investments are considered by the Trustees, having taken appropriate advice.

10.2 The Trustees review their policy regarding the investment of AVCs at annual intervals and take account of the returns achieved for members and any comments from members.

10.3 The present AVC provider is Fidelity. As the Scheme is closed no new monies are due.

11 Compliance

11.1 The Trustees require the Investment Manager to report at regular intervals on the 'Additional Assets' of the Scheme under their control.

11.2 A review of this Statement will coincide with the triennial actuarial valuation or immediately following any material event impacting the Scheme. Any such review will be based on written, expert investment advice and will be in consultation with the Principal Employer. Copies of the amended Statement will be sent to the appointed Investment Adviser and the Scheme Actuary.

Signed for and on behalf of the Trustees of the Rollalong Pension Scheme

Date: 12/3/24

Appendix – Investment Clause in Trust Deed

Investment Powers under the Rules Dated 7 December 1999

INVESTMENT OF FUND Rule 50

- Statement of Investment Principles

(A) The Trustees will ensure that a written statement of the principles governing decisions about the Scheme's investments is prepared, maintained, and revised from time to time as required by section 35 of the Pensions Act
Before the statement is prepared or revised, the Trustees will take appropriate written advice and consult the Participating Employers or their representative, if required under section 35 of the Pensions Act.

- Acquisition and Disposal of Investments

(B) The Trustees can invest all or any part of the Fund in any way they think appropriate. They can also retain, sell, realise or in any other way deal with any money, investments, property, or interests in property forming part of the Fund.

- Permitted Investments

(C) The Trustees can exercise their powers under (B) in any part of the world and whether or not

a) involving liability, or
b) producing income, or
c) authorised by law for the investment of trust money.

In addition to the general powers under this Rule, the Trustees can

1) invest or apply all or part of the Fund in or upon the security of
   a) any stocks, shares, debentures, debenture stocks, bearer securities,
   b) units in unit trusts or mutual or managed funds,
   c) any interest in land and
   d) any annuity policies and policies of assurance issued by any United Kingdom office or branch of any insurance company as defined in section 659B of the Taxes Act;

2) underwrite, sub-underwrite or guarantee the subscription of any funds, securities, bonds, debentures, debenture stocks and stocks and shares of any kind;

3) invest any part of the Fund in or deal in
   a) financial futures
   b) any currency
   c) the purchase or sale of any assets or property for receipt or delivery at a future date
   d) traded options;

4) place or retain any money:

   a) on deposit or in a current account with, or on loan to, any financial institution or local authority, or

b) on deposit with, or loan to, any company or undertaking excluding any Participating Employer unless allowed by the Occupational Pension Schemes (Investment) Regulations 1996.

The Trustees are not liable for any interest in excess of any interest actually paid or credited on any money invested under this Rule.

- **Additional powers: Land and Buildings**

(D) In relation to any real property or any interest in that property forming part of the Fund the Trustees can:

1) keep any building insured against such risks and for any amounts as they think appropriate;
2) develop, improve, enlarge, demolish, or rebuild any building;
3) sell, exchange, convey, lease, charge, agree to let or in any other way conduct the management of the property as if the Trustees were absolutely entitled to it beneficially.

This power is in addition to the powers of management conferred by law on trusts holding land upon trust for sale.

- **Additional powers: Personal Property**

(E) The Trustees can take any steps they think proper for the insurance, repair, protection, removal, custody, carriage, and general maintenance of any personal property.

- **Participation in common investment fund**

(F) The Trustees can participate in a common investment fund if the Board of Inland Revenue approves. For this purpose, a common investment fund is an arrangement operated by trustees for the pooling of the assets of retirement benefit schemes approved under the Taxes Act. Participation will be on the basis that, in exchange for a share in the common investment fund on its terms, all or part of the Fund will be transferred to the trustees of the common investment fund to be invested or dealt with on its terms. The basis of participation can include the transfer to the common investment fund or part or all of any future contributions to the Scheme.

Following the transfer, the Trustees will have no responsibility for the safe keeping or investment of the assets transferred, nor will they be liable for any loss arising. However, this does not absolve the Trustees from their duty of care as to their initial and continued participation in the common investment fund.

- **Indemnity by Trustees in connection with investments**

(G) The Trustees can give any indemnity in connection with the exercise of their powers under this Rule and can bind the Fund to give effect to that indemnity.

- **Fund Manager**

(H) The Trustees will appoint in writing a fund manager with appropriate knowledge and experience to make all or some of the investment decisions in relation to the Fund where this is required under section 47 of the Pensions Act. They can also do so in any other case. Any appointment will be made on terms as to duration of appointment, duties, liabilities, and remuneration as the Trustees decide. The

Trustees can, subject to the terms of any agreement with a fund manager, end any appointment.

The Trustees can authorise the fund manager conditionally or unconditionally

1) to exercise all or any of their powers under (B) to (E), and

2) to delegate and authorise the sub-delegation of any power or discretion given to that fund manager.

Any investments of the Fund can be made in the name of or transferred or delivered to or otherwise vested in that fund manager or a corporate body acting as his nominee and can be left for any period or periods in the name or possession of or vested in that fund manager or nominee.

The Trustees will exercise their powers of appointment and termination of appointment of a fund manager and their power to delegate and authorise the sub-delegation of any power or discretion given to a fund manager in a way that complies with the requirements of the Pensions Act. The Trustees will take reasonable steps to ensure that any fund manager whom they appoint under this Sub-rule carries out his work competently and complies with the provisions of the Pensions Act relating to the need for diversification of investments and the suitability of particular investments to the Scheme.

- Nominee to hold investments

(I) The Trustees can appoint any corporate body to act as their nominee for the purposes of this Rule and can revoke or vary any appointment.

Any investments of the Fund can be made in the name of or transferred to the corporate body appointed who will hold them as nominee for the Trustees.

The Trustees can, for this purpose, enter into any agreement with the corporate body and bind the Fund to give effect to the agreement.

- Employer-related Investments

(J) The Trustees will carry out their duties under this Rule in a way that complies with the restrictions on investments of the Scheme's resources in employer-related investments referred to in section 40 of the Pensions Act and any related regulations.