Statement of Investment Principles for the Miller Retirement Benefits Scheme

1. Introduction

This Statement of Investment Principles ("SIP") sets out the policy of the Trustee of the Miller Retirement Benefits Pension Scheme ("the Trustee") on various matters governing decisions about the investments of the Miller Retirement Benefits Pension Scheme ("the Scheme"), a Defined Benefit ("DB") Scheme. This SIP replaces the previous SIP dated February 2026.

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 and the Pension Regulator's guidance for defined benefit pension schemes (March 2017). The SIP also reflects the Trustee's response to the Myners voluntary code of investment principles.

This SIP has been prepared after obtaining and considering written professional advice from LCP, the Scheme's investment adviser, whom the Trustee believes to be suitably qualified and experienced to provide such advice. The advice takes into account the suitability of investments including the need for diversification, given the circumstances of the Scheme, and the principles contained in this SIP. The Trustee has consulted with the relevant 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.

- Appendix 1 sets out details of the Scheme's investment governance structure, including the key responsibilities of the Trustee, investment advisers and investment managers. It also contains a description of the basis of remuneration of the investment adviser and the investment manager.
- Appendix 2 sets out the Trustee's policy towards risk appetite, capacity, measurement and management.

2. Investment objectives

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

3. Investment strategy

The majority of the Scheme's assets are invested in a buy-in policy with The Prudential Assurance Company Limited ("Prudential"), which broadly cover all of the Scheme's liabilities and benefit payments as they fall due.

Residual assets are currently invested in the Sterling Liquidity Fund ("SLF") with Legal & General Asset Management ("L&G AM") for liquidity and capital preservation purposes. The Trustee does not target a material investment return from these assets.

4. Considerations in setting the investment arrangements

When deciding how to invest the Scheme's assets, the Trustee considers a number of risks, including, but not limited to, those set out in Appendix 2. Some of these risks are more quantifiable than others, but the Trustee has tried to allow for the relative importance and magnitude of each risk.

The purchase of the buy-in policy and investing the Scheme's remaining assets in the L&G AM SLF has greatly reduced the investment risk that the Scheme is exposed to.

In setting the strategy for residual assets, the Trustee took into account:

- the Scheme's investment objectives, including the target return required to meet the Trustee's investment objectives;
- the Scheme's cash flow requirements in order 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 cash flows (and the ability to meet these in the near to medium term), the funding level, and the strength of the employer covenant;

5. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

Details of the investment arrangements are set out below.

1. Buy-in Policy

The buy-in policy represents the principal asset of the Scheme. Prudential is responsible for making payments to the Scheme under the terms of the buy-in policy, which are intended to match the benefits secured under that policy. The Trustee remains responsible for the payment of benefits to members unless and until the relevant benefits are secured by individual insurance policies.

The Trustee, supported by its advisers and administrator, monitors the operation of the buy-in policy, including the accuracy and timeliness of payments and any data or benefit specification matters relevant to the policy.

2. L&G AM SLF

The remaining surplus assets are invested in the L&G AM SLF. The day-to-day responsibility for the investment management of the underlying assets is delegated to L&G AM.

The assets managed by L&G AM are invested solely in the SLF. The Trustee considers that this fund is suitable because it is intended to offer access to liquidity whilst providing capital stability. The fund is benchmarked against SONIA, although it has no specific performance target. The Trustee monitors the continued suitability of the fund on a regular basis.

3. Additional Voluntary Contributions ("AVCs")

Additional Voluntary Contributions ("AVCs") arrangements are not available to members. However historic AVC arrangements with Phoenix Life exist, which offer a choice of various investment funds. In addition, some members have AVC arrangements held as cash in a Lloyds deposit account.

The Trustee has signed an agreement with L&G AM to manage the Scheme's surplus assets held in a cash fund. The manager is authorised and regulated to undertake investment business.

The Trustee's policy is to monitor the investment manager's performance, fees and service on a regular basis. The Trustee receives advice from its investment adviser as required.

Given the nature of the Scheme's cash holdings, considerations such as stewardship, engagement and portfolio turnover are not material to the management of the assets. The Trustee nevertheless expects the manager to operate in accordance with applicable laws, regulations and industry standards.

The Trustee's policy is to retain the investment manager while it continues to provide an appropriate vehicle for meeting the Scheme's investment objectives and offers satisfactory value for money.

6. Realisation of investments

The investment manager has discretion over the timing of realisation of investments of the Scheme within the portfolio that it manages, and in considerations relating to the liquidity of investments.

When appropriate, the Trustee, on the administrators' recommendation, decides on the amount of cash required for benefit payments and other outgoings and informs the investment managers of any liquidity requirements.

7. Consideration of financially material and non-financial matters

The Trustee has 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.

The Trustee expects its investment manager to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice.

The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

8. Voting and engagement

The Trustee has delegated the exercise of rights attaching to investments, including voting rights and engagement activities, to its investment manager. The Trustee expects the manager to exercise these rights and undertake engagement in accordance with its stewardship policies and with regard to the long-term financial interests of Scheme beneficiaries.

3703624 The Trustee monitors the manager's approach to voting, engagement and stewardship from time to time and may engage with the manager where it has concerns regarding the effectiveness of these activities.

Investment governance, responsibilities, decision-making and fees

The Trustee has decided on the following division of responsibilities and decision-making for the Scheme. This division is based upon the Trustee's understanding of the various legal requirements placed upon it, and its view that the division of responsibility allows for efficient operation and governance of the Scheme overall. The Trustee's investment powers are set out within the Scheme's governing documentation.

1. Trustee

In broad terms, the Trustee is responsible in respect of investment matters for:

- setting the investment strategy, in consultation with the employer;
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change);
- formulating a policy on taking account of non-financial matters in the selection, retention and realisation of investments;
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments;
- developing a mutual understanding of investment and risk issues with the employer;
- reviewing the investment policy as part of any review of the investment strategy;
- setting the policy for rebalancing between asset classes;
- appointing, monitoring, reviewing and dismissing investment managers, investment advisers and other service providers;
- 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 Trustee's assessment of its effectiveness as a decision-making body, the policies regarding responsible ownership and how such responsibilities have been discharged;
- putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- 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.

2. Investment manager

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

- managing the portfolio of assets according to its stated objectives, and within the guidelines and restrictions set out in its respective investment manager agreements and/or other relevant governing documentation;
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolio of assets;

- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments;
- providing the Trustee with regular information concerning the management and performance of their respective portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The custodians of the portfolios (whether there is a direct relationship between the custodian and the Trustee or not) are responsible for safe keeping of the assets and facilitating all transactions within the portfolios.

3. Investment adviser

In broad terms, the investment adviser will be responsible, in respect of investment matters, as requested by the Trustee, 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 and monitoring liability hedging and collateral management;
- advising on the selection, and review, of the investment managers, 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 Trustee in reviews of this SIP.

4. Fee structures

The Trustee recognises that the provision of investment management 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 Trustee has agreed Terms of Business with the Scheme's actuarial and investment advisers, under which work undertaken is charged for by an agreed fixed fee or on a "time-cost" basis.

The investment manager receives fees calculated by reference to the market value of assets under management. The fee rates are believed to be consistent with the manager's general terms for institutional clients and are considered by the Trustee to be reasonable when compared with those of other similar providers.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustee's view as to the most appropriate arrangements for the Scheme. However, the Trustee will consider revising any given structure if and when it is considered appropriate to do so.

5. Performance assessment

The Trustee is satisfied, taking into account the external expertise available, that there are sufficient resources to support its investment responsibilities. The Trustee believes that it has sufficient expertise and appropriate training to carry out its role effectively.

It is the Trustee's policy to assess the performance of the Scheme's investments, investment providers and professional advisers from time to time. The Trustee will also periodically assess the effectiveness of its decision-making and investment governance processes and will decide how this may then be reported to members.

6. Working with the Scheme's employer

When reviewing matters regarding the Scheme's investment arrangements, such as the SIP, the Trustee seeks to give due consideration to the employer's perspective. While the requirement to consult does not mean that the Trustee needs to reach agreement with the employer, the Trustee believes that better outcomes will generally be achieved if the Trustee and employer work together collaboratively.

1. Risk appetite and risk capacity

Risk appetite is a measure of how much risk the Trustee is willing to bear within the Scheme in order to meet its 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 Trustee can tolerate deviation from its long term objectives before attainment of those objectives is seriously impaired. The Trustee aims to strike the right balance between risk appetite and risk capacity.

When assessing the risk appetite and risk capacity, the Trustee 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 long-term and shorter-term funding targets;
- the Scheme's liability profile, its interest rate and inflation sensitivities, and the extent to which these are hedged;
- the Scheme's cash flow and target return requirements; and
- the level of expected return and expected level of risk (as measured by Value at Risk ("VaR")), now and as the strategy evolves.

2. Approach to managing and monitoring investment risks

The Trustee considers that there are a number of different types of investment risk that are important to manage and monitor. These include, but are not limited to:

2.1. Insurer counterparty risk

This is the risk that the Scheme's buy-in insurer fails to pay the benefits secured under the buy-in policy.

This risk is mitigated by having selected a reputable insurer - the Trustee considered a range of insurers and took advice on the suitability of the insurer selected.

2.2. Operational risk

This is the risk that payments due under the buy-in policy are delayed, inaccurate or otherwise not received when expected. The Trustee mitigates this risk through regular monitoring of payments, administration processes and policy data, and by maintaining liquid surplus assets that can be used to meet benefit payments while any issue is resolved.

2.3. Risk of inadequate residual assets

This is the risk that the remaining assets are insufficient to meet expenses, liabilities not secured under the buy-in policy or other costs arising before buyout and wind-up. The Trustee monitors the expected level and timing of these costs and reviews the level of liquid assets held accordingly.

2.4. Investment manager risk

This is the risk that the investment manager fails to meet its investment objectives or that the SLF ceases to be suitable for the Scheme's requirements. Prior to appointing an investment

manager, the Trustee receives written advice from a suitably qualified individual. The Trustee monitors the investment manager on a regular basis to ensure that it remains appropriate for its selected mandate.

2.5. Liquidity/marketability risk

This is the risk that the Scheme is unable to realise assets to meet benefit cash flows, expenses or other cash requirements as they fall due, or that the Scheme will become a forced seller of assets. The Trustee manages this risk by investing the remaining surplus assets in the SLF, which is intended to be readily realisable and to provide a high degree of liquidity.

2.6. Environmental, social and governance (ESG) risks

Environmental, social and corporate governance (ESG) factors are sources of risk to the Scheme's investments, some of which could be financially significant, 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 Trustee seeks to appoint investment managers who will manage these risks appropriately on their behalf and from time to time review how these risks are being managed in practice.

2.7. 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 Trustee manages its exposure to credit risk by only investing in pooled arrangements that have a diversified exposure to different credit issuers. The buy-in policy also provides additional protection, with the provider regulated by the FCA/PRA.

2.8. Interest rate and inflation risk

The Scheme's assets are subject to interest rate and inflation risk because some of the Scheme's assets are held in bonds, via pooled funds. However, the Scheme's buy-in policy mitigates this risk.

2.9. Other non-investment risks

The Trustee recognises that there are other, non-investment, risks faced by the Scheme, and takes these into consideration as far as practical in setting the Scheme's investment arrangements as part of its assessment of the other aspects of the Scheme's Integrated Risk Management framework.

Examples include longevity risk (the risk that members live, on average, longer than expected) and sponsor covenant risk (the risk that, for whatever reason, the sponsoring employer is unable to support the Scheme as anticipated). These risks have been materially reduced by the purchase of the buy-in policy in respect of benefits secured by that policy, but remain relevant to the Trustee until full buyout and wind-up.