

The Estuary Services Limited Pension Scheme (the “Scheme”) Statement of Investment Principles (the “Statement”)

Scope of Statement

This Statement has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005).

The effective date of this Statement is 30 September 2025. The Trustees will review this Statement and the Scheme’s investment strategy no later than three years after the effective date of this statement and without delay after any significant change in investment policy.

Consultations Made

The Trustees have consulted with the relevant employer, prior to writing this Statement and will take the employer’s comments into account when they believe it is appropriate to do so.

The Trustees are responsible for the investment strategy of the Scheme. They have obtained written advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement. This advice was provided by Aon Investments Limited (“AIL”) who are authorised and regulated by the Financial Conduct Authority.

The day to day management of the Scheme’s assets has also been delegated to AIL. A copy of this Statement is available to Scheme members on request.

Objectives and Policy for Securing Objectives

The Trustees’ objectives for setting the investment strategy of the Scheme have been set with regard to the Scheme’s Statutory Funding Objectives as set out in the Statement of Funding Principles.

The Trustees’ primary objectives are:

- “funding objective” - to ensure that the Scheme is fully funded using assumptions that contain a modest margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the employer;
- “stability objective” – to have due regard to the likely level and volatility of required contributions when setting the Scheme’s investment strategy;
- “security objective” – to ensure that the solvency position of the Scheme (as assessed on a gilt basis) is expected to improve. The Trustees will take into account the strength of employer’s covenant when determining the expected improvement in the solvency position of the Scheme; and
- “risk management” – to manage the risks of matching assets against the method used by the Scheme Actuary in funding calculations.

Choosing Investments

The types of investments held and the balance between them is deemed appropriate given the liability profile of the Scheme, its cashflow requirements, the funding level of the Scheme and the Trustees' objectives.

The assets of the Scheme are invested in the best interests of the members and beneficiaries. This means that due consideration is given to the security of the assets as well as the need to generate an appropriate return. The priority of the Trustees when considering these factors is the needs of the members and the beneficiaries.

The Trustees exercise their powers of investment (or delegation where these powers have been delegated to a fund manager) in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk a spread of assets is held. The diversification is both within and across the major asset classes.

Assets held to cover the Scheme's technical provisions (the liabilities of the Scheme) are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme.

The Trustee recognises that behavioural biases potentially affect decisions. It has considered and understands personal biases, which is expected to improve outcomes.

The assets of the Scheme are invested predominantly on regulated markets (with investments not on regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.

Investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

In setting the Scheme's investment strategy, the Trustees' primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustees believe that in order to fulfil this commitment and to protect and enhance the value of the Scheme's investments, they must act as a responsible steward of the assets in which the Scheme invests. Specific details of the investment management arrangements are given in Appendix 1 to this Statement.

Arrangements with investment managers

The Trustees have appointed AIL as investment manager for the Scheme's assets. References in this policy to 'underlying asset managers' refers to those asset managers which AIL, in turn, appoints to manage investments on behalf of the Trustees.

The Trustees recognise that the arrangements with AIL are important to ensure that interests are aligned. The Trustees seek to ensure that AIL is incentivised to operate in a manner that generates the best long-term results for the Scheme and its beneficiaries. They also regularly monitor the Scheme's investments to consider the extent to which the investment strategy and decisions of AIL are aligned with the Trustees' policies, including those on non-financial matters. This includes monitoring the extent to which underlying investment managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustees are supported in this monitoring activity by their investment consultant.

The Trustees receive annual reports and verbal updates from the investment consultant on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustees focus on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme objectives and assess the investment managers over 3-year periods.

The Trustees also receive annual stewardship reports on the monitoring and engagement activities carried out by AIL, which supports them in determining the extent to which the Scheme's engagement policy has been followed throughout the year.

The Trustees share the policies, as set out in this Statement, with the Scheme's asset managers, and requests that the investment managers review and confirm whether their approach is in alignment with the Trustees' policies.

Before appointment of a new investment manager, the Trustees review the governing documentation associated with the investment and will consider the extent to which it aligns with their policies. Where possible, they will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Scheme invests in a collective vehicle, then the Trustees will express their expectations to the investment managers by other means (such as through a side letter, in writing, or verbally at Trustees' meetings).

The Trustees believe that having appropriate governing documentation, setting clear expectations to the investment managers by other means (where necessary), and regular monitoring of investment managers' performance and investment strategy, is, in most cases, sufficient to incentivise the investment managers to make decisions that align with the Trustees' policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where investment managers are considered to make decisions that are not in line with the Trustees' policies, expectations, or the other considerations set out above, the Trustees will typically first engage with the manager, but could ultimately replace the investment manager where this is deemed necessary.

There is typically no set duration for arrangements with investment managers, although the continued appointment for investment managers will be reviewed periodically, and at least every three years. For certain closed ended vehicles, the duration is defined by the nature of the underlying investments.

The Trustees will annually review the carbon intensity of the portfolio and expect the carbon intensity of the overall portfolio to trend downwards. Where appropriate, the Trustees will ask AIL to engage with underlying investment managers who have a relatively high carbon intensity portfolio.

Investment Risk Measurement and Management

The Trustees recognise that the key source of financial risk (in relation to meeting their objectives) arises from asset allocation. They therefore retain responsibility for setting asset allocation and take expert advice as required from their professional advisers.

The Trustees review their investment strategy following each formal actuarial valuation of the Scheme (or more frequently should the circumstances of the Scheme change in a material way). The Trustees take written advice from their professional advisers regarding an appropriate investment strategy for the Scheme.

Risks associated with changes in the employer covenant are assessed by monitoring the Failure Score (as defined for the purposes of calculating the risk-based element of the Pension Protection Fund levy). This role is undertaken by Aon Solutions UK Limited on behalf of the Trustees. The Trustees also have an agreement with the employer to receive notification of any events which have the potential to alter the creditworthiness of the sponsoring employers: in particular, the Trustees will be informed of Type A events, as defined in appropriate guidance issued by the Pensions Regulator and employer-related Notifiable Events. On receipt of such notification, the Trustees will re-consider the continued appropriateness of the Scheme's existing investment strategy.

The Trustees monitor the risks arising through the selection or appointment of fund managers on a regular basis via investment monitoring reports. Out-performance targets for the underlying funds are detailed in Appendix 1 of this Statement. The Trustees have appointed AIL to alert them on any matters of material significance that might affect the ability of underlying fund managers to achieve their objectives.

The Trustees acknowledge that investment returns achieved outside the expected deviation (positive or negative) maybe an indication that the investment manager is taking a higher level of risk than indicated.

Matters with regard to investment are considered by the Trustee body as a whole and AIL are seen on a regular basis.

The Trustees understand the types of protection available for different types of investments.

Investment Manager risk is considered as part of Aon's ratings and risk is monitored in the quarterly investment report.

Custody

Investment in pooled funds gives the Trustees a right to the cash value of the units rather than to the underlying assets. The managers of the pooled funds are responsible for the appointment and monitoring of the custodian of the fund's assets.

The custodians are independent of the employer.

Expected Returns on Assets

Over the long-term the Trustees' expectations are:

- the projected investment returns for the asset classes taken from the 2024 actuarial valuation exercise are: 5.7% for the "growth" (pre-retirement) assets and 4.5% for the "matching" (post-retirement) assets and 3.6% for RPI inflation.

Returns achieved by the fund managers are assessed against performance benchmarks set by the Trustees in consultation with their advisers and fund managers.

Realisation of Investments/Liquidity

The Trustees recognise that there is a risk in holding assets that cannot be easily realised, should the need arise.

The majority of the assets held are realisable at short notice (either through the sale of direct holdings of stocks, bonds etc. or the sale of units in pooled funds).

Cost Monitoring

The Trustees are aware of the importance of monitoring their investment managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustees recognise that in addition to annual management charges, there are a number of other costs incurred by their investment managers including turnover costs (i.e. the costs incurred when the assets managers buy and sell underlying investments).

The Trustees require AIL to provide full details of the costs incurred in managing the Scheme's assets and expect them to provide this information in line with the CTI cost transparency template. The costs are reviewed annually to determine the overall cost level and, where these costs are out of line with expectations, AIL will be asked to explain the rationale, including why it is consistent with their strategy and the extent they expect it to continue in the future.

The Trustees accept that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable, as long as it is consistent with the asset class characteristics and manager's style and historic trends.

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers' fund holdings change over a year. The Scheme's investment consultant monitors this on behalf of the Trustees as part of the manager monitoring they provide to the Trustees and flags where there are concerns.

Where the Trustees' monitoring identifies a lack of consistency the mandate will be reviewed.

The Trustees are supported in their cost transparency monitoring activity by their investment consultant.

Environmental, Social and Governance Considerations

The Trustees acknowledge that an understanding of financially material considerations, including environmental, social and corporate governance (ESG) factors (such as climate change) and risks related to these factors, can contribute to the identification of investment opportunities and financially material risks.

To help identify and assess climate change, the Trustee received training on climate change, which discussed potential risks and opportunities and considered possible short, medium and long-term effects of climate change.

The process for identifying and assessing climate-related risks and opportunities is captured by:

- Our Manager demonstrating on our behalf how it has considered short and long-term climate change risks and opportunities when providing new strategic investment advice, new mandates, and new funding plans.
- Underlying investments selected by our Manager having at least an appropriate or advanced process to identify, evaluate and mitigate potential financially material ESG risks, including climate change, within the portfolio.
- Our Manager demonstrating on our behalf how it has considered short and long-term climate change risks and opportunities when reporting on its portfolios.

This will enable us to understand what measures are being taken to reflect climate change opportunities and risk within the investments, funding and covenant.

As part of their delegated responsibilities, the Trustees expect the Scheme's underlying investment managers to take into account corporate governance, social and environmental considerations (including long-term risks posed by sustainability concerns including climate change risks) in the selection, retention and realisation of investments. Any decision should not apply personal ethical or moral judgments to these issues, but should consider the sustainability of business models that are influenced by them.

The Trustees are taking the following steps to monitor and assess ESG related risks and opportunities:

- The Trustees will have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Scheme's assets and liabilities.
- As part of ongoing monitoring of the Scheme's underlying investment managers, the Trustees will use ESG ratings information provided by Aon, where relevant and available, to monitor the level of the Scheme's underlying investment managers' integration of ESG on a regular basis.

- The Trustees will request AIL to provide their Responsible Investment policy and details of how they integrate ESG into their investment decision making process on a regular basis. Should the Scheme look to appoint a new manager, the Trustees will request this information as part of the selection process. All responses will be reviewed and monitored with input from their investment consultant.

The Trustees have appointed AIL to manage the Scheme's assets. AIL invests in a range of underlying investment vehicles.

As part of AIL's management of the Scheme's assets, the Trustees expect AIL to:

- Where relevant, assess the integration of ESG factors in the investment process of underlying managers;
- Use its influence to engage with underlying managers to ensure the Scheme's assets are not exposed to undue risk; and
- Report to the Trustees on its ESG activities as required.

Stewardship – Voting and Engagement

The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which their investments reside. The Trustees recognise that ultimately this protects the financial interests of the Scheme and its beneficiaries.

The Trustees have delegated all voting and engagement activities to the Scheme's investment managers, via AIL. The Trustees accept responsibility for how AIL stewards assets on their behalf, including the casting of votes in line with each managers' individual voting policies. The Trustees review manager voting and engagement policies on an annual basis from AIL to ensure they are in line with the Trustees' expectations and in the members' best interests.

As part of AIL's management of the Scheme's assets, the Trustees expect the manager to:

- Ensure that (where appropriate) underlying asset managers exercise the Trustees' voting rights in relation to the Scheme's assets; and
- Report to the Trustees on stewardship activity by underlying asset managers as required.

Managers are expected to vote at company meetings and engage with companies on behalf of the Trustees, in relation to ESG considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest).

Where possible, the transparency for voting should include voting actions and rationale with relevance to the Scheme, in particular where: votes were cast against management; votes against management generally were significant; votes were abstained; voting differed from the voting policy of the Trustees.

Where voting is concerned, the Trustees expects the underlying managers to recall stock lending, as necessary, in order to carry out voting actions.

The Trustees may engage with AIL, which in turn can engage with underlying managers, investee companies or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made.

This engagement aims to ensure that robust active ownership behaviours, reflective of the Trustees' active ownership policies, are being actioned. This will take the form of interactive dialogue via email and at regular and/or ad-hoc meetings as required and will be supplemented by annual reporting which will be made available to Scheme members on request.

Should the Trustees' monitoring process reveal that a manager's voting and engagement policies and actions are not aligned with the Trustees' expectations, the Trustees will engage with AIL to discuss how alignment may be improved to bring about the best long-term outcomes for the Scheme.

From time to time, the Trustees will consider the methods by which, and the circumstances under which, they would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustees may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest where they become known to the Trustees.

Members' Views and Non-Financial Factors

The Trustees do not specifically take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Scheme (defined as 'non-financial factors' in the 2018 Regulations). The Trustees will review their policy towards this on a triennial basis.

Additional Voluntary Contributions ("AVC's") Arrangements

Some members obtain further benefits by paying Additional Voluntary Contributions (AVCs) to the Scheme. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions.

From time to time the Trustees review the choice of investments available to members to ensure that they remain appropriate to the members' needs.

**The Estuary Services Limited Pension Scheme (the “Scheme”)
Appendix I to Statement of Investment Principles**

This Appendix sets out the Trustees’ current investment strategy, and is supplementary to the Trustees’ Statement of Investment Principles (the “attached Statement”).

The Trustees’ investment strategy has been established in order to maximise the likelihood of achieving the primary objectives set out in the attached Statement. The details are laid out below:

1. Asset Allocation Strategy

The long-term asset allocation benchmark for the Scheme is as follows:

Asset Class	Weight (%)
Fruition +2% p.a. (Nominal)	20%
Fruition +2% p.a. (Real)	30%
Fruition +1% p.a. (Nominal)	15%
Fruition +1% p.a. (Real)	23%
Low Risk Bonds Strategy	12%

2. Investment Management Arrangements

2.1 Fruition funds (multi-asset strategies)

Fund	Benchmark	Target
AIL Fruition (Nominal +2%)	The weighted average of the return on the LDI funds held plus a notional GBP SONIA return on all other assets within the Fund	To outperform the benchmark by 2% pa net of fees over a market cycle
AIL Fruition (Real +2%)		
AIL Fruition (Nominal +1%)		To outperform the benchmark by 1% pa net of fees over a market cycle
AIL Fruition (Real +1%)		

2.2 Bonds

Fund	Benchmark	Target
AIL Low Risk Bonds Strategy	SONIA	To outperform the benchmark by 1% pa net of manager fees

2.3 Cash balances

A working balance of cash is held for imminent payment of benefits, expenses, etc. Surplus cash, held to meet future cashflow requirements, is the Trustee bank account. Under normal circumstances, it is not the Trustees' intention to hold a significant cash balance and this is carefully monitored by the Scheme's administrator.

2.4 Re-balancing arrangements

In order to ensure the assets are re-balanced in line with the Asset Allocation Strategy, the Trustees, review the balance of the assets on a regular basis, following which appropriate corrective action is taken. Re-balancing within the underlying funds has been delegated to AIL.

3. Fee structure for advisers and managers

3.1 Advisers

The Trustee's Investment Consultant is remunerated as a set percentage of the assets under management. Additional work required outside the agreed scope will be charged on the basis of time spent by the adviser.

3.2 Investment managers

The underlying investment managers are remunerated as a set percentage of the assets under management. This is in keeping with market practice.

3.3 Summary of investment management fee arrangements

Manager	Fund	Annual Management Charge Fee Scale
AIL	Fruition Funds	0.25% p.a.
AIL	Low Risk Bond Strategy	0.20% p.a.

The AIL fees are subject to a minimum fee.