

Merchant Investors Staff Pension Scheme
Statement of Investment Principles (“SIP”)

Purpose of this Statement

This SIP has been prepared by the Trustee of the Merchant Investors Staff Pension Scheme (the “Scheme”). This statement sets out the principles governing the Trustee’s decisions to invest the assets of the Scheme.

The Scheme’s investment strategy is derived from the Trustee’s investment objectives. The objectives have been taken into account at all stages of planning, implementation and monitoring of the investment strategy.

In reviewing and revising this Statement, the Trustee has consulted with Sanlam Investments Holdings UK Limited (the “Company”) and will do so whenever it intends to review this Statement. However, responsibility for maintaining the Statement and deciding the investment policy rests solely with the Trustee.

Governance

The Trustee of the Scheme makes all major strategic decisions including, but not limited to, the Scheme’s asset allocation and the appointment and termination of investment managers.

When making such decisions, and when appropriate, the Trustee takes proper written advice. The Trustee’s investment advisers, Isio Group Limited, are qualified by its ability in, and practical experience, of financial matters, and have the appropriate knowledge and experience. The investment advisers’ remuneration may be a fixed fee or based on time worked, as negotiated by the Trustee in the interests of obtaining best value for the Scheme.

Investment objectives

The Trustee invests the assets of the Scheme with the aim of ensuring that all members’ current and future benefits can be paid. This is expected to be achieved by investing the majority of the Scheme’s assets in a buy-in policy with Just Retirement Limited (‘Just’).

Investment strategy

The Trustee takes a holistic approach to considering and managing risks when formulating the Scheme’s investment strategy.

In October 2025, the Scheme purchased a buy-in insurance policy with Just so that the majority of the Scheme’s liabilities are insured. The Trustee has retained the investment manager Legal and General (“L&G”), where a small amount of residual assets are retained in the L&G Sterling Liquidity Fund alongside the buy-in policy. With the majority of the Scheme’s liabilities being insured with Just, this will effectively remove the vast majority of investment risk (and longevity risk) from the Scheme and has enhanced the security of members’ benefits. The buy-in policy is expected to meet the vast majority of future liability cashflows from the Scheme.

The Scheme’s investment strategy was derived following careful consideration of the factors set out in Appendix A. The considerations include the nature and duration of the Scheme’s

liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of employer contributions required to fund the Scheme, and also the strength of the sponsoring employer. The Trustee considered the merits of a range of asset classes.

The purchase of a buy in policy was deemed appropriate, having taken the Trustee's objectives into account. The Trustee recognises that the investment strategy is subject to risks, in particular the risk of mismatch between the performance of the assets and the calculated value of the liabilities. The Trustee and its advisers considered this risk when setting the investment strategy and agreed that the best way to mitigate these risks was to insure member benefits via the buy-in policy. Other risks identified are as follows:

- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities ("cashflow risk"). The Trustee and its advisers considered this risk when setting the investment strategy and have acted to minimise its potential effect via the buy-in policy.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustee and its advisers considered this (and potential counterparty) risk when deciding on which insurer to use to transact the buy-in policy.
- The possibility of failure of the Scheme's sponsoring employer ("covenant risk"). The nature of the buy-in policy now largely mitigates against the impact of a change in the sponsoring company's covenant. Reliance on the sponsoring company's covenant will only be removed entirely when the Scheme transitions to buy out.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has 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.

Any residual assets not held with the insurer are expected to be invested in the L&G Sterling Liquidity Fund and would be used to pay residual liabilities.

Investment Management Arrangements

Alongside Just, the Trustee has appointed L&G to manage the residual assets of the Scheme. The insurer and investment manager are regulated under the Financial Services and Markets Act 2000. All decisions about the day-to-day management of the surplus funds in the L&G Sterling Liquidity Fund have been delegated to L&G. The Trustee takes the investment manager's policies into account when selecting and monitoring the manager. The Trustee also takes into account the performance targets the investment manager is evaluated on. The investment manager is expected to follow the principles contained within the Fund supplement, so far as is reasonably practicable. The Trustee took the insurer's policies into account when selecting the insurer.

As the Scheme's remaining assets not held with the insurer are invested in pooled vehicles managed by L&G, the custody of the holdings is arranged by the investment manager.

The Trustee has delegated all day-to-day decisions about the operations that fall within the buy-in policy to Just through a written contract. When choosing investments, the Trustee, fund manager and insurer (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005

(regulation 4). Fund manager and insurer’s duties include voting and corporate governance in relation to the assets.

Investment Mandates

The Trustee has appointed L&G to manage the residual assets of the Scheme that aren't part of the buy-in policy with Just. Details of how the residual assets are invested is given below:

Manager	Fund	Description
Legal and General (“L&G”) Investment Management Limited	L&G Sterling Liquidity Fund.	<ul style="list-style-type: none"> The Liquidity Fund provides stability of capital, income and returns which are comparable to Sterling denominated short-dated money market interest rates.

Investment Provider Monitoring and Engagement

As the remaining assets not held with the insurer may be used to fund any remaining uninsured liabilities, the Trustee periodically monitors that the Scheme has sufficient assets. If this is not the case, the Trustee may need to intervene.

The Trustee acknowledges the importance of Environmental, Social and Governance factors (“ESG”) and climate change. As the vast majority of the assets are invested in the buy-in policy, there is limited scope for the Trustee to incorporate ESG into the Scheme’s investment strategy. Below is a summary of the areas covered and how the Trustee seeks to engage with L&G.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy and Risk	<ul style="list-style-type: none"> The Trustee receives a quarterly report from L&G which details information on the underlying performance for the Sterling Liquidity Fund. The Trustee expects to receive ad-hoc reports from Just, detailing the valuation of the Buy-in, upon request. 	<ul style="list-style-type: none"> There are significant changes made to the investment strategy. The risk levels within the assets managed by the investment manager have increased to a level above and beyond the Trustee’s expectations. Underperformance vs the performance objective over the period that this objective applies.

Environmental, Social, Corporate Governance factors and the exercising of rights	<ul style="list-style-type: none"> • The Trustee receives information from the investment manager on its approach to engagement. • The Trustee will engage, via its investment adviser, with the investment manager and/or other relevant persons about relevant matters. • As most of the Scheme assets are invested in a buy-in policy with Just, the scope for Trustee engagement is limited. 	
--	---	--

The contractual nature of the buy-in policy with Just means there is limited scope to affect change through engagement of Just or the underlying assets.

Employer-related investments

The policy of the Trustee is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 except where the Scheme invests in collective investment schemes that may hold employer-related investments. In this case, the total exposure to employer-related investments will not exceed 5% of the Scheme’s total asset value. The Trustee will monitor this on an ongoing basis to ensure compliance.

Direct investments

Direct investments, as defined by the Pensions Act 1995, are products purchased without delegation to an investment manager through a written contract. When selecting and reviewing any direct investments, the Trustee will obtain appropriate written advice from its investment advisers.

Additional Voluntary Contributions

The Scheme provided a facility for Additional Voluntary Contributions (“AVCs”) to enhance members’ benefits at retirement. These funds are held separately to the final salary assets of the Scheme and members can choose to invest in Countrywide Assured plc’s Pinnacle range of funds.

Compliance

This Statement has been prepared in compliance with the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005.

Before preparing or subsequently revising this Statement, the Trustee consulted with the sponsoring employer and took appropriate written advice. The Statement is reviewed at least every three years, and without delay after any significant change in the investment arrangements.

Signed

Date: 21/01/2026

For and on behalf of the Trustee of the Merchant Investors Staff Pension Scheme

Appendix A – Risks, Financially Material Considerations (including ESG and climate change) and Non-Financial matters

A non-exhaustive list of risks and financially material considerations that the Trustee has considered and sought to manage is shown below.

The Trustee adopts an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks	Definition	Policy
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	Following the buy-in of all Scheme liabilities (excluding a portion set aside for Guaranteed Minimum Pension and Barber equalisation) the Scheme does not need to take any investment risk and all remaining assets are invested in a cash fund.
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	Following the buy-in of all Scheme liabilities (excluding a portion set aside for Guaranteed Minimum Pension and Barber equalisation) the Scheme's funding risk is negligible.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	Following the buy-in of all Scheme liabilities (excluding a portion set aside for Guaranteed Minimum Pension and Barber equalisation) the requirement for the sponsoring company to provide support to the Scheme is expected to be negligible.

The Scheme is exposed to a number of underlying risks relating to the Scheme's investment strategy, these are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge the majority of these risks through the buy-in policy.
Liquidity	Difficulties in raising sufficient cash when required without adversely	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they

	impacting the fair market value of the investment.	fall due (including transfer values). This is achieved through the buy-in policy making payments each month to cover routine cashflow payments. The residual assets are invested in a cash fund with a high degree of liquidity.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable. This is predominately achieved through the purchase of the buy-in policy.
Credit	Default on payments due as part of a financial security contract.	To appoint an investment manager who actively manages this risk for the residual assets by seeking to invest only in cash and debt securities where the yield available sufficiently compensates the Scheme for the risk of default. The insurer will manage credit risk within its portfolio as they see fit.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	To delegate to the insurer and investment manager the consideration of ESG factors in determining the appropriate holdings within its portfolios.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	The management of currency risk within its respective portfolios is delegated to the insurer and investment manager.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.

Appendix B

The Trustee has the following policies in relation to the investment management arrangements for the Scheme:

How the investment manager is incentivised to align its investment strategy and decisions with the Trustee's policies.	<p>As the Scheme is invested in a pooled cash fund and a buy-in policy, there is not scope for these assets to tailor its strategy and decisions in line with the Trustee's policies.</p> <p>However, the Trustee invests in a portfolio that is aligned to the strategic objective.</p>
How the investment manager is incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	<p>The Trustee reviews the investment manager's performance relative to medium and long-term objectives.</p> <p>The Trustee monitors the investment manager's engagement and voting activity on an annual basis as part of its ESG monitoring process.</p>
How the method (and time horizon) of the evaluation of investment manager's performance and the remuneration for its services are in line with the Trustee's policies.	<p>The Trustee reviews the performance of all of the Scheme's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives.</p>
The method for monitoring portfolio turnover costs incurred by the investment manager and how they define and monitor targeted portfolio turnover or turnover range.	<p>The Trustee does not directly monitor turnover costs. However, the investment manager is incentivised to minimise costs as they are measured on a net of cost basis.</p>
The duration of the Scheme's arrangements with the investment manager.	<p>The duration of the arrangements is considered in the context of the type of fund the Scheme invests in. For open-ended funds, the duration is flexible and the Trustee will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.</p> <p>For the buy-in policy, the contract cannot be terminated, however, this is not deemed necessary given the policy matches the Scheme's liabilities.</p>
Voting Policy - How the Trustee expects the investment manager to vote on its behalf.	<p>The Trustee has acknowledged responsibility for the voting policies that are implemented by the Scheme's investment manager on its behalf.</p>

Engagement Policy - How the Trustee will engage with the investment manager, direct assets and others about 'relevant matters'.

The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Scheme's investment manager on its behalf.

The Trustee, via its investment advisers, will engage with the manager about relevant matters on a regular basis.

Example stewardship activities that the Trustee has considered are listed below:

- Selecting and appointing the asset manager – the Trustee will consider the potential manager's stewardship policies and activities.
- Asset manager engagement and monitoring – on an annual basis, the Trustee assesses the voting and engagement activity of its asset manager. The results of this analysis feeds into the Trustee's investment decision making.