

R C Treatt & Co Limited Pension and Assurance Scheme

Statement of Investment Principles

February 2026

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1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustees of the R C Treatt & Co Limited Pension and Assurance Scheme ("**the Scheme**"). This statement sets down the principles which govern the decisions about investments.
- 1.2. In preparing this statement the Trustees have consulted with R C Treatt & Co Limited ("**the Employer**"), the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultants. Barnett Waddingham LLP is authorised and regulated by the Financial Conduct Authority.
- 1.3. The Trustees will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.4. The Trustees completed a bulk annuity insurance transaction with Just Retirement Limited (the "Insurer") in the contract dated 9 December 2025 to secure the benefits under the Scheme.

2. Choosing investments

- 2.1. The Trustees' policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustees consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.
- 2.2. The Trustee has secured a bulk annuity policy with Just Retirement Limited ("Just"). Just is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
- 2.3. The day-to-day management of the Scheme's remaining assets is delegated to Legal and General Investment Management ("L&G"). The Scheme's investment manager is detailed in the Appendix to this Statement. The investment manager is authorised and regulated by the Financial Conduct Authority and are responsible for stock selection and the exercise of voting rights.
- 2.4. The Trustees review the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustees will also consult the Employer before amending the investment strategy.
- 2.5. Effective from 5 December 2025, the Trustees entered into a bulk annuity insurance contract with the Insurer, which is expected to match all defined benefits due to members of the Scheme.
- 2.6. The Insurer is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
- 2.7. The Trustee holds no other investments beyond cash in the Scheme's bank account and a small holding in a liquidity fund. The day-to-day management of the assets held in the liquidity fund is delegated to Legal and General Investment Management ("L&G"). The investment manager is authorised and regulated by the Financial Conduct Authority, and is responsible for stock selection.
- 2.8. The Trustees continue to review the appropriateness of the Scheme's investment strategy on an ongoing basis but would consider it unlikely that any material future changes will be made prior to the Just insurance policy potentially being assigned to individual members and the Scheme then being wound up.
- 2.9. The Trustees will consult the Employer before amending the investment strategy.

3. Investment objectives

- 3.1. The Trustees have discussed key investment objectives considering an analysis of the Scheme's liability profile as well as the constraints the Trustees' face in achieving these objectives. As a result, the Trustees' main investment objectives are:
- to hold assets that provide a high likelihood that members' entitlements under the Trust Deed and Rules will be met in full as they fall due;
 - to invest in assets of appropriate liquidity to meet potential remaining liabilities that are not covered by the bulk annuity policy; and
 - to reduce the risk of the assets failing to meet the liabilities over the long term.
- 3.2. The Trustees are aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Scheme's liabilities. The Trustees have obtained exposure to investments that they expect will meet the Scheme's objectives as best as possible.

4. Kinds of investments to be held

- 4.1. The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property alternatives and annuity policies. The Scheme's current investment strategy involves holding the majority of the Scheme's assets in a bulk annuity insurance contract, with a small cash holding in the L&G Sterling Liquidity Fund to meet ongoing cashflow requirements.
- 4.2. Given the Scheme's investment strategy, it is not expected that the Scheme will hold any employer-related investments. However, this is typically checked annually by the Scheme's/Plan's auditors.

5. The balance between different kinds of investments

- 5.1. The Scheme invests in assets that are expected to achieve the Scheme's objectives.
- 5.2. The Scheme holds a bulk annuity policy expected to produce cashflows that exactly match the benefit entitlements of each of the Scheme's members. The remainder of the Scheme's assets are held in the Trustee bank account and the L&G Sterling Liquidity Fund.

6. Risks

- 6.1. The various types of investment risk which may affect the Scheme's liabilities are covered under the bulk annuity purchase with the Insurer. Therefore, the vast majority of the risks set out below are covered by the insurance policy, and are therefore judged to have minimal impact on the Scheme's ability to meet the liabilities of the Scheme as they fall due. However, the Trustees have considered the following risks for the Scheme with regard to its investment policy and the Scheme's liabilities:

Risk versus the liabilities	The Trustees note that by securing the Scheme's benefits with an insurer, the risk of benefits not being met is now very low.
Covenant risk	The Scheme is less reliant on the strength of the Employer's covenant as the Scheme's benefits have wholly been secured with an insurer. When converting the buy-in policy into a buy-out policy with the Insurer, the Scheme will be reliant on the Employer to make good any shortfall in excess of the small amount of assets held outside of the insurance contract.
Insurer counter party risk	The risk of the insurer defaulting has been managed through the selection of a reputable UK regulated insurer and potentially supported by the insurance compensation regime in place should an insurer fail.
Investment manager risk	The Trustees monitor the performance of the residual assets (i.e. those held in cash and the L&G Sterling Liquidity Fund outside the bulk annuity policy) as necessary. The Trustees have a written agreement with the investment manager, which contains a number of restrictions on how each investment manager may operate.
Governance risk	The investment manager of the liquidity fund held is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustees monitor these and will report on the practices in their annual Implementation Statement where possible.
ESG/Climate risk	The Trustees have considered long-term financial risks to the Scheme and concluded that ESG factors as well as climate risk are potentially financially material. They will continue to develop their policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments.
Concentration risk	The investment manager and the Insurer are expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Liquidity risk	The Scheme invests in assets, including cash, such that there is a sufficient allocation to liquid investments to meet the Scheme's remaining cashflow requirements that are not covered by the bulk annuity insurance contract. The Scheme's administrators monitor the level of cash available in the Scheme's bank account.

Currency risk	The Scheme's liabilities and the income produced by the bulk annuity contract are both denominated in sterling.
Loss of investment	In the event of the insurer becoming insolvent, the Scheme could suffer losses (but would still retain the liability to pay members' benefits). This risk is mitigated by the regulatory regime and capital requirements in place for UK insurers. The Trustees carried out financial due diligence on the insurer prior to purchasing the policy.

7. Expected return on investments

- 7.1. The Trustees have chosen to invest the vast majority of assets in a bulk annuity policy to match the Scheme's projected benefit payments with income from the policy. The remaining assets are held bearing in mind the nature of the potential additional liabilities that may fall due on the Scheme that are not covered by the policy, and ongoing expenses.
- 7.2. The Trustees have not set an expected return on the bulk annuity policy, given that its primary purpose is as an insurance contract rather than a return-seeking investment.

8. Realisation of investments

- 8.1. The annuity policy with the Insurer is not readily realisable and the Trustees do not expect to need to surrender or realise the contract given its nature and purpose. The income from the bulk annuity policy will be used to pay benefits covered by the policy.
- 8.2. The remaining assets of the Scheme are held in assets that can be realised at short notice.

9. Financially material considerations, the exercise of rights and engagement activities and non-financial matters

Policy on financially material considerations

The Trustees consider that factors such as environmental, social and governance (ESG) issues (including but not limited to climate change) have the potential to be financially material over the long-term. However, as the Trustees have completed a purchase of a bulk annuity policy intended to match the majority of the Scheme's liabilities, the Trustees are not directly exposed to these risks. The remaining assets are held bearing in mind the nature of the potential additional liabilities that may fall due on the Scheme and are not covered by the policy. The management of ESG and climate change by insurers was considered as part of the decision to purchase the buy-in policy.

The Trustees have an expectation that the Insurer will consider ESG-related issues in selecting securities and other investments, or will otherwise engage with the issuers of their underlying holdings on such matters in a way that is appropriate for the nature of the assets under consideration.

Approach to monitoring ESG policy

The Scheme's assets are held as a bulk annuity policy and cash. Given the nature of the current holdings in the Scheme, the Trustees will review and monitor the ESG policy as they deem appropriate, considering the risks that present themselves.

Policy on the exercise of voting rights and engagement activities

The Trustees note that by securing the Scheme's benefits with an insurer, they have limited ability to influence the voting and engagement activities undertaken on behalf of the Insurer. Responsibility for engagement with the issuers of investments underlying the bulk annuity policy, including voting policy (where applicable), is the responsibility of the Insurer.

The Scheme retains cash and liquidity holdings but the Trustees note, due to a number of controls at both the asset manager and counterparties, the impact of impact of engagement on the risk/return of the cash holdings is limited. The Trustees have therefore not set stewardship priorities.

Policy for taking into account non-financial matters.

When constructing the investment strategy and selecting investment managers, the Trustees do not prioritise non-financial matters. Given the bulk annuity purchase, the Trustees have limited ability to address non-financial matters.

The Trustee will review its policy on whether or not to take account of non-financial matters periodically.

10. Policy on arrangements with asset managers

Incentivising alignment with the Trustees' investment policies

Arrangements for incentivising the investment managers of the assets underlying the bulk annuity policy are an issue for the Insurer.

Method and time horizon for assessing performance

The Trustees do not undertake regular formal monitoring of the investment managers due to the limited benefit of this activity given the bulk annuity policy held with the insurer for the majority of liabilities. However, the Trustees would undertake such monitoring if it was deemed necessary.

The Scheme invests exclusively in a pooled cash fund and a bulk annuity policy. The investment manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the fund grows, due to successful investment by the investment manager, they receive more and as the value falls they receive less.

The Trustees ask the Scheme's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered as frequently as the Trustees consider appropriate in light of the prevailing circumstances.

Portfolio turnover costs and duration of arrangement

The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. However, given the bulk annuity policy and liquidity holdings of the Scheme, the Trustees note that the impact of portfolio turnover costs and the duration of arrangement with the investment manager are expected to have zero impact.

For the open-ended pooled fund in which the Scheme invests, there are no predetermined terms of agreement with the investment manager.

The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment beliefs is assessed every three years, or when changes deem it appropriate to do so more frequently. As

part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

11. Agreement

11.1. This statement was agreed by the Trustees and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the Employer, the investment managers, the actuary, and the Scheme auditor upon request.

Signed:.....

Date:.....

**On behalf of the Trustees of the
R C Treatt & Co Limited Pension and Assurance Scheme**

Appendix 1 Note on investment policy of the Scheme in relation to the current Statement of Investment Principles

1. The balance between different kinds of investment

Most of the Scheme’s assets are held in a bulk annuity policy with Just . The remaining assets are held in the Scheme’s bank account and in the L&G Sterling Liquidity Fund, bearing in mind the nature of the potential additional liabilities that may fall due on the Fund that are not covered by the policy. This is set out in the table below:

Asset and fund		Allocation (%)
Cash		
Legal & General Sterling Liquidity Fund		100%

In December 2025, the above strategy was implemented. As a result, the Scheme completely disinvested from its single stock gilt and active corporate bond holdings and purchased a bulk annuity policy with Just.

2. Choosing investments

The Trustee has secured an insurance contract in respect of the Scheme's liabilities with Just, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

The Trustees have appointed the following investment manager to carry out the day-to-day investment of the Scheme:

- Legal & General Investment Management ("Legal & General")

The investment managers are authorised and regulated by the Financial Conduct Authority.

The investment benchmarks and objectives for each investment manager are given below:

Investment manager	Fund	Benchmark	Objective
Legal & General Investment Management Ltd	Sterling Liquidity Fund	SONIA (Sterling Overnight Index Average)	To provide diversified exposure and a competitive return in relation to SONIA

The performance of the investment managers will be monitored as frequently as the Trustees consider appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

3. Fee agreements

The fee arrangements with the investment managers are summarised below:

Investment manager	Fund	Annual Management Charge
Legal & General Investment Management Ltd	Sterling Liquidity Fund	0.099% p.a.

4. Investments and disinvestments

The Scheme's cashflow requirements are expected to be met by the Scheme's remaining cash holdings and the annuity policy.