STATEMENT OF INVESTMENT PRINCIPLES

RAWLE, GAMMON & BAKER LIMITED PENSION & ASSURANCE SCHEME

SEPTEMBER 2024

3RD FLOOR, 7 HOWICK PLACE, LONDON SW1P 1BB | +44 (0) 20 7726 2718 | PENSIONS@WUI.CO.UK

Introduction
Under section 35 of The Pensions Act 1995 as amended by section 244 of the Pensions Act 2004 and The Occupational Pension Schemes (Investment Regulations 2005), the Trustees are required to prepare a statement of the principles governing investment decisions for the purposes of the Scheme. This document fulfils that requirement.

In preparing this Statement, the Trustees have obtained advice from the Scheme's Investment Adviser, In-Vest. The Trustees will similarly obtain such advice as appropriate whenever they intend to review or revise the Statement.

In preparing this Statement, the Trustees have consulted the Employer and will do so whenever the Trustees intend to review or revise the Statement. Responsibility for maintaining the Statement and deciding investment policy rests solely with the Trustees.

The Trustees will review this Statement on such occasions as may appear to them to be appropriate.

Scheme description
The Rawle Gammon & Baker Limited Pension & Assurance Scheme (the Scheme) is a defined benefit scheme that was established on 1 November 1961 and is registered under Part 4, Chapter 2 of the Finance Act 2004. The Scheme is closed to new entrants and benefits ceased to accrue with effect from 28 February 2006. It has as its purpose the provision of retirement benefits and death benefits to eligible participants and beneficiaries.

Investment objectives
The Trustees have a duty to invest the assets of the Scheme in the best interests of their members and beneficiaries. The primary objectives of the Scheme is to ensure that sufficient assets are available to meet members' benefits as and when they fall due.

The Trustees have agreed a buy-in policy with Just plc that is expected to secure the benefits of all remaining scheme members. In return for the payment of a premium the Trustees hold an insurance policy with Just plc. In the short term, an additional amount of scheme's assets will be held in cash to facilitate the pensioner payroll until Just plc make monthly payments to the Scheme to match the insured liabilities and cover benefit payments to members.

Investment strategy
In June 2024, the Trustees entered into a buy-in insurance policy with Just plc. The buy-in aims to reduce risk in the Scheme covering the longevity risks of members and increasing the accuracy in matching the Scheme's liabilities covered.

The Trustees have taken advice from their Advisers to ensure that the assets held by the scheme and the proposed strategy is suitable given its liability profile, the Trustees' objectives, legislative requirements, regulatory guidance and specifications in the trust deed and rules governing the Scheme. The advice received, and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995.

Following the buy-in the Trustees, in conjunction with the Scheme's administrator, will hold sufficient cash to meet the likely expenditure on benefits up until 24 September 2024 and expenses from time to time.

Investment management, voting rights and engagement activities

Given that the Scheme is entirely invested in an insurer buy-in contract, monitoring opportunities for engagement and voting are extremely limited given the purchase of the Policy. The Trustees are mindful and accepting of this. However, the policy will be monitored to ensure it continues to deliver what is expected under the policy, which is to provide cashflows aligned with the benefits due to the members covered by the policy.

The Trustees recognise that the consideration of financially material factors, including environmental, social and governance (ESG) factors and climate change, is relevant at different stages of the investment process. Following the buy-in, the Trustees leave the extent to which social, environmental (including climate risk/opportunities) and governance are taken into account in investment decisions to the discretion of the underlying Insurer.

Historically, the Trustees regularly reviewed the extent to which social, environmental or ethical considerations are taken into account in investment decisions with their Investment Advisers and its impact in relation to financially material considerations including climate change. The Trustees' policy was to encourage the exercising of rights (including voting rights) attaching to investments, but responsibility for exercising such rights was delegated to those managing the investments.

The Trustees accept that the assets invested in insurance policies are subject to the underlying Insurers' policies on corporate governance. The Trustees are satisfied that this corresponds with their responsibility to invest the assets in the best interests of members and beneficiaries and, in the case of a potential conflict of interest, in the sole interest of their members and beneficiaries.

The Trustees noted that members' views on non-financial matters including their ethical views in relation to social and environmental impact and present and future quality of life will not be sought; however, they would have been considered if raised by the membership.

In summary, the Trustees accept that the assets invested in an insurer buy-in are subject to the underlying Insurer's policies, therefore the Insurer will not be able to directly align their strategy with the Trustees' policy.

Risk management

The Trustees recognise a number of risks involved in the investment of the assets of the Scheme. In arriving at their investment strategy, the Trustees have considered the following main risks and, where appropriate following the buy-in, will continue to monitor them on a regular basis:

- Concentration risk – measured through the risk of an adverse influence on investment values from the concentration of holdings. The Trustees recognise that a decision to invest in a buy-in contract with a single provider represents a concentration of risk and has addressed this through risk transfer advice and scrutiny of the suitability of the provider.
- Liquidity risk – measured by analysing the cash flow requirements of future payments and by regularly assessing the level of cash held relative to the forecasted level of payments.

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- Sponsor risk – measured by regular assessments of the financial strength of the principal employer to support the continuity of the Scheme, and by obtaining a review of the employer's covenant from time to time. However, this risk is reduced and mitigated to a large extent following the decision to insure member benefits with Just plc.
- Fraud – measured, managed and addressed by ensuring that all advisers and third-party service providers are suitably qualified, experienced and regulated, as appropriate.

The Trustees monitor risk capacity (the scheme's ability to absorb or support risks) and risk appetite (the Trustees' or Employer's, as appropriate, readiness to accept a given level of risk) through their integrated risk management procedures. This allows the Trustees to take effective action following regular advice from their Investment Adviser and Scheme Actuary.

Governance and review

As there are no longer any main Scheme investments held, other than the buy-in policy, the governance aspect are largely no longer applicable. However, the Scheme Trustees will review this Statement annually and monitor the insurer service periodically, considering such factors as market presence, solvency metrics, and activities in the ESG space.

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Paul Jay Turner

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Colin Worth

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Gary Huxtable

Signed by:
[redacted]
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Kevin Fenlon

Trustees' signatures Trustees' names

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Mark Foster – In-Vest

On behalf of Investment Adviser

Date 26 September 2024