

Amtico Company Pension Scheme

Statement of Investment Principles

Barnett Waddingham LLP

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1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustees of the Amtico Company Pension Scheme ("the Scheme"). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:
- the Pensions Act 1995, as amended by the Pensions Act 2004; and
 - the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. In preparing this statement the Trustees have consulted The Amtico Company Limited, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultant. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities.
- 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 investment powers of the Trustees are set out in Clause 3.2 of the Definitive Trust Deed & Rules, dated 22 December 2000, and Clause 3.3 inserted by the 2005 Deed of Amendment. This statement is consistent with those powers.
- 1.5. The Trustees completed a bulk annuity insurance transaction with Standard Life (the "Insurer") in the contract dated 29 August 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. Effective from 29 August 2025, the Trustees entered into a bulk annuity insurance contract with the Insurer, which is expected to provide a suitable match to the defined benefits due to members of the Scheme.
- 2.3. The Insurer is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
- 2.4. The Trustee holds no other investments beyond cash in the Scheme's bank account and a small holding in the L&G Sterling Liquidity Fund. The day-to-day management of the assets held in the Sterling Liquidity Fund is delegated to Legal and General Asset Management Limited. The investment manager is authorised and regulated by the Financial Conduct Authority, and is responsible for security selection.
- 2.5. 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 Standard Life insurance policy potentially being assigned to individual members and the Scheme then being wound up.

2.6. The Trustees will consult the Principal Employer before amending the investment strategy.

3. Investment objectives

3.1. The Trustees' main objectives are:

- to ensure that the Scheme can meet the members' entitlements under the Trust Deed and Rules 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 at any time. 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 (including private equity, commodities, hedge funds, infrastructure, currency, high yield debt and derivatives) 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 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 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. The allocation between different asset classes is contained within Appendix 1 to this Statement.
- 5.2. The Scheme holds a bulk annuity policy expected to produce cashflows that provide a suitable match to 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, although an Escrow account has already been set up for this purpose. |
| 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 Sterling Liquidity Fund 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 ESG factors (as well as climate risk). While the Trustees consider these factors to be potentially financially material, management of these risks over the lifetime of the contract is primarily an issue for the Insurer to manage. |
| 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 on the contract, 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 risk of loss of investment by the investment manager is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud). |

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, non-financial matters, the exercise of voting rights, engagement activities and arrangements with asset managers

- 9.1. Since the majority of the Scheme assets are held in an insurance policy, these matters are primarily an issue for the Insurer to manage. This is reflected in the Trustees' own policies, as summarised in Appendix 2.

10. Agreement

This statement was agreed and signed by the Trustees on 15 September 2025 and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the Principal Employer, the investment managers, the Scheme Actuary and the Scheme auditor upon request.

Signed:.....

Date:.....

On behalf of the Amtico Company Pension Scheme

Signed:.....

Date:.....

On behalf of the Amtico Company Limited

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

1. Choosing investments

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

- Legal & General Asset Management Limited ("L&G")
- Standard Life

The Trustees have an AVC contract with Scottish Widows for the receipt of members' Additional Voluntary Contributions. The arrangement is reviewed from time to time.

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

The Trustees have appointed Barnett Waddingham LLP to advise on investment matters.

2. The balance between different kinds of investment

Most of the Scheme's assets are held in a bulk annuity policy. 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 Scheme that are not covered by the policy.

Benchmarks and objectives for the fund manager are summarised below:

| Fund manager | Benchmark | Objective |
|-------------------------|-----------|--|
| L&G | | |
| Sterling Liquidity Fund | SONIA | To provide capital stability, liquidity and diversification while providing a competitive level of return. |

3. Investments and disinvestments

The Scheme's cashflow requirements are expected to be met by the Scheme's remaining cash holdings and the annuity policy. In addition, an escrow account has been set up to provide additional assets, if required, to allow buy-out and eventual wind-up.

Appendix 2 Financially material considerations, non-financially material considerations, the exercise of voting rights, engagement activities and arrangements with asset managers

1. 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 Trustee is 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.

2. Approach to monitoring ESG policy

The Scheme's assets are held as a bulk annuity policy and cash/liquidity holdings. 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.

3. 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 engagement on the risk/return of the cash and liquidity holdings is limited. The Trustees have therefore not set stewardship priorities.

4. Conflicts of interest

The Scheme's investment adviser is independent and no arm of their business provides asset management services. This, and their FCA-regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflicts of interest.

The Trustees expect all investment managers and insurers to have conflicts of interest policies in relation to their engagement and ongoing operations. The Trustees therefore believe they have managed the potential for

conflicts of interest in the appointment of the investment managers, insurers, and investment adviser, and conflicts of interest between the Trustees, investment adviser, the investment managers, the insurers, and any underlying investee companies.

5. Non-financially material considerations

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.

6. Policy on arrangements with investment 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 liquidity 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 more frequently when changes deem it appropriate to do so. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.