

The CALA Retirement and Death Benefits 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 December 2025. The Trustees will review this Statement annually, and without delay after any significant change in investment policy and will review the Scheme's investment strategy no later than three years after the effective date of this Statement.

Consultations made

The Trustees have consulted with the principal employer, CALA Limited (the "Company"), prior to writing this Statement and will take the Company's comments into account when 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 ("Aon") who are authorised and regulated by the Financial Conduct Authority.

The day-to-day management of the Scheme's assets has been delegated to investment managers which are authorised and regulated by the Financial Conduct Authority. A copy of this Statement has been provided to the investment managers appointed and is available to the members of the Scheme.

Objectives and policy for securing objectives

The Trustees' primary objectives for setting the investment strategy of the Scheme are set out below:

- "funding objective" - to ensure that the Scheme has sufficient assets available to pay members' benefits as and when they arise using assumptions underlying the calculation of the Scheme's technical provisions. Where an actuarial valuation reveals a funding deficit, a recovery plan will be put in place which will seek to remove the deficit over a period determined by the financial covenant of the employer;
- "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 required expected improvement in the solvency position of the Scheme; and
- "stability objective" - to have due regard to the employer's ability in meeting its contribution payments given their size and incidence, and to have due regard to the volatility of measures of funding and security.

The investment strategy chosen by the Trustees aims to maximise the likelihood of achieving these objectives. The Trustees recognise that these objectives may conflict.

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.

The Trustees exercise their powers of investment 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. Day to day selection of stocks is delegated to investment managers appointed by the Trustees. With regards to the review and selection of their investment managers, the Trustees take expert advice.

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

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.

The balance between different kinds of investments

The Trustees recognise that the key source of financial risk (in relation to meeting its 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 triennial 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.

The asset allocation set out in the Schedule of Investment Arrangements Document was implemented following an interim investment strategy review in 2024 and 2025, in tandem with the conclusion of the 2024 actuarial valuation.

Investment risk measurement and management

The key investment risks are recognised as arising from investment strategy, employer failure and investment managers.

Investment Strategy Risks

The key investment strategy risks are recognised as arising from asset allocation. These risks, and the continued appropriateness of the existing investment strategy, are assessed triennially in conjunction with the formal actuarial valuation of the Scheme. The Trustees may additionally agree, on occasion, to assess the asset allocation risks in more detail, using asset and liability modeling techniques.

As part of each annual funding assessment, the Trustees check the funding and investment strategy remains on target to achieve the Trustees' objectives within acceptable parameters. If not, then corrective action is considered. Additional funding assessments will be carried out, as the Trustees deem appropriate.

The Scheme will reduce the overall risk of its assets as the funding level improves

Employer failure risks

Risks associated with the employer's covenant are assessed in conjunction with each triennial actuarial valuation of the Scheme by obtaining detailed information from the employer and monitored through regular financial reports from the employer.

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 employer. 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.

Investment manager risks

The Trustees regularly monitor and review the risks arising through their selection of investment managers.

The investment performance of the selected managers is monitored on a quarterly basis via quarterly reports issued by the managers, and twice yearly via investment monitoring reports prepared by Aon. Expected deviation from the benchmark (for a passive manager) or out-performance target (for an active manager) is detailed in the Schedule of Investment Arrangements. The Trustees acknowledge that investment returns achieved out with the expected deviation (positive or negative) may be an indication that the investment manager is taking a higher (or lower) level of risk than indicated.

The continued suitability of the selected investment managers is kept under regular review. The Trustees have appointed Aon to alert them to any matters of material significance that might affect the ability of their appointed managers to achieve their performance objectives. The Trustees will also meet with their appointed managers as appropriate to discuss any issues that may arise.

Manager selection exercises are carried out as and when appropriate.

Cashflow and collateral risks

Cash flow risk arises from the need to realise assets in the short term. If realisations of investments in order to meet the benefit outgo were to be made at a time when prices are depressed this could reduce the likelihood of meeting the primary objectives. To avoid this, the Trustees and their advisers manage the Scheme's cash flow requirements carefully over the short-term.

Under the investment agreement with the LDI manager, the LDI manager has established protocols to ensure sufficient collateral is maintained within the funds it operates and has flexibility to access additional collateral within the assets they hold.

The Trustees' investment adviser additionally provides advice on collateral headroom, where required, and should collateral headroom be insufficient with the LDI portfolio action will be taken to source this from the Scheme's wider assets. The majority of the Scheme's assets are liquid and generally realisable at short notice.

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 fund are responsible for the appointment and monitoring of the custodian of the Scheme's assets.

The custodians are independent of the employer.

Expected returns on assets

Over the Scheme's short-term investment horizon, the Trustees' expectations are:

- “matching” assets to achieve a return in line with the movement in the element of the liabilities they are being held to cover:
- for the “growth” assets (Infrastructure and private credit funds), to achieve a return which exceeds that of the matching assets. In so doing the Trustees are willing to incur short-term volatility in “growth” asset price behaviour.

Returns achieved by the Scheme 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).

As of December 2025, the Trustees have instructed a 100% redemption of the infrastructure funds and are monitoring the liquidation of the private credit funds with a view to aligning the portfolio to be 100% liquid.

Responsible Investment

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. These include:

- The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustees consider this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

The Trustees consider climate change as presenting long-term risks and opportunities. As the Trustees' main objective is to secure all members' benefits with an insurer in the near to short-term, the Trustees do not have a formal process for identifying and assessing climate-related risks and opportunities within the current investment strategy.

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 promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as this ultimately creates financial value for the scheme and its beneficiaries.

As part of their delegated duties, the Trustees expect the Scheme's investment managers to:

- where appropriate, engage with investee companies with the aim to enhance the value of assets; and
- exercise the Trustees voting rights in relation to the Scheme's assets.

The Trustees regularly review the continuing suitability of the appointed managers and take advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

The Trustee accepts responsibility for how their appointed managers steward assets on their behalf, including the casting of votes in line with each appointed manager's individual voting policy.

The Trustees review the stewardship activities of their asset managers on an annual basis, covering both engagement and voting actions. Where the Trustees identify significant concerns relating to performance, strategy, risks, social and environmental impact, corporate governance, the capital structure or management of conflicts of interest, of a fund manager or other stakeholder; they will consider the methods by which they would monitor and engage with such a fund manager or other stakeholders.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy the Trustees do not explicitly 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 matters (defined as "non-financial factors").

Arrangement with Fund managers

The Trustees recognise that arrangements with their fund managers are important to ensure that interests are aligned. The Trustees seek to ensure that the fund managers are incentivised to operate in a manner that generates the best results for the Scheme and its beneficiaries.

The Trustees regularly monitor the Scheme's investments to consider the extent to which the investment strategy and decisions of the fund managers are aligned with the Trustees' policies.

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

The Trustees focus on performance in relation to the Scheme's target of securing all members' benefits with an insurer in the near to short-term.

The Trustees also receive annual stewardship information on the monitoring and engagement activities carried out by their fund managers. The Trustees recognise that this monitoring activity is important to encourage fund managers to take appropriate steps to enhance the value of assets through engagement activity.

The Trustees share the policies, as set out in this SIP, with the Scheme's fund managers, and request that the fund managers review and confirm whether their approach is in alignment with the Trustees' policies.

Before appointment of a new fund manager, the Trustees review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustees' policies.

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

Where fund 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 manager where this is deemed necessary.

There is typically no set duration for arrangements with fund managers, although the continued appointment for all fund managers will be reviewed periodically, and at least every three years.

Costs Monitoring

The Trustees are aware of the importance of monitoring their fund 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 fund managers that can increase the overall cost incurred by their investments.

On a triennial basis, the Trustees collect cost transparency reports covering all of their investments and ask that the fund managers provide this data in line with industry standard templates. This allows the Trustees to understand exactly what they are paying their investment managers. The Trustees work with their investment adviser and fund managers to understand these costs in more detail where required.

Evaluation of performance and remuneration:

The Trustees assess the performance of their fund managers on a semi-annual basis and the remuneration of their fund managers on an annual basis via collecting cost data in line with the industry standard templates.

Portfolio turnover costs:

The Trustees are aware of the portfolio turnover costs (portfolio turnover costs are defined as the costs incurred as a result of the buying, selling, lending or borrowing of investments) associated to their underlying investments through the information provided by their fund managers. The monitoring of the target portfolio turnover and turnover range is monitored annually with the assistance of the Scheme's investment adviser.

The Trustees accept that transaction costs will be incurred to facilitate investment returns and that the level of these costs varies across asset classes and by manager investment 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. 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 adviser.

Additional Voluntary Contributions ("AVCs") arrangements

In the past, some members obtained further benefits by paying AVCs to the Scheme. This facility has now been removed, although existing AVC funds remain. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions. Details of the AVC providers are included in the Schedule of Investment Arrangements.

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

Effective decision making

The Trustees recognise that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that where they take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice received. The Trustees receive regular investment training from their investment advisers and also investment managers in order to make informed decisions.

Agreed and approved by the Trustees of the CALA Retirement and Death Benefits Scheme

December 2025.