

**Simpsons Malt Group Pension Scheme**  
**Statement of Investment Principles (“SIP”)**

**1. Purpose of this Statement**

This SIP has been prepared by the Trustees of the Simpsons Malt Group Pension Scheme (the “Scheme”). This statement sets out the principles governing the Trustees’ decisions to invest the assets of the Scheme.

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

The Trustees have also taken the Myners’ Principles into consideration when making decisions about the Scheme’s investment arrangements.

Details on the Scheme’s investment arrangements are set out in the Investment Implementation Document (“IID”).

**2 Investment strategy**

**2.1 Investment objectives**

The Trustees invest the assets of the Scheme with the aim of ensuring that all members’ accrued benefits can be paid. The Scheme’s funding target is specified in the Statement of Funding Principles. The Scheme’s funding position will be reviewed on an ongoing basis to assess the position relative to the funding target and whether the investment arrangements remain appropriate to the Scheme’s circumstances.

The Scheme’s present investment objective is to achieve a return of around 2.3% per annum above the return on UK Government bonds.

In addition to the objective set out above, the Scheme also looks to:

- i) Maximise investment returns at an acceptable level of risk; and
- ii) Ensure due regard is paid to the interests of Simpsons Malt Limited (“the Sponsoring Company”) in the size and incidence of contribution payments.

**2.2 Investment strategy selection**

The Scheme’s investment strategy was derived following careful consideration of 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 contributions required to fund the Scheme, and also the strength of the Sponsoring Company’s covenant. The Trustees considered the merits of a range of asset classes, including various “alternative assets”.

All day-to-day investment decisions have been delegated to authorised investment managers through the use of pooled funds. The strategic benchmark is reflected in the choice and mix of funds in which the Scheme invests. The Scheme benchmark is consistent with the Trustees’ views on the appropriate balance between seeking an enhanced long-term return on investments and accepting greater short-term volatility and risk.

The Trustees have taken advice from the relevant Investment Advisers (Isio Group Limited) to ensure that the strategy's asset allocation is suitable for the Scheme, given its liability profile, any legal requirements, regulatory guidance and specifications in the Scheme's Trust Deed.

### **2.3 Leverage and Collateral Management**

The Trustees adhere to all relevant regulatory guidance and requirements in relation to leverage and collateral management within the Scheme's liability hedging portfolio.

The Trustees have a stated collateral management policy. The Trustees have agreed a process for meeting collateral calls should these be made by the Scheme's LDI manager. The Trustees will review and stress this policy on a regular basis.

Further details on this can be found in Appendix C.

### **2.4 Risk**

The Trustees recognise that the investment strategy is subject to risk, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and liabilities. The risk is managed by investing in assets which are expected to perform in excess of the liabilities over the long term, and also by investing in a suitably diversified portfolio of assets with the aim of minimising (as far as possible) volatility relative to the liabilities.

The Trustees have employed Insight Investment Management ("Insight") to manage the Scheme's liability hedging strategy, which aims to reduce interest rate and inflation risk. Insight look to manage this risk directly through the Scheme's Liability Driven Investment ("LDI") mandate. The Scheme's target hedge position is currently 85% in respect of both interest rates and inflation risk (measured on a Technical Provisions basis).

The Trustees have also considered a number of other risks when setting out the Scheme's Investment Strategy. Further information on these risks, financially material considerations and non-financial matters that have been considered when deciding on the Scheme's investment strategy are set out in Appendix A.

The assets of the Scheme consist predominantly of investments which are traded on regulated markets.

### **2.5 Realisation of investments**

The Trustees operate a bank account for daily cash flow needs.

The majority of the Scheme's current investments may be realised quickly if required.

The private credit holding with KKR Lending Partners Europe ("KKR") is illiquid, however this Fund is in the process of winding down and will continue to distribute capital back to investors. The Infrastructure Equity allocation with JP Morgan is subject to a 4-year soft lock. Once the lock-in period is complete, the dealing frequency of the mandate is semi-annual with 90 days' notice and 36 months to pay back proceeds. The existing Fiera Infrastructure Equity mandate is in the process of winding down and will continue to distribute capital back to investors. The Long Lease Property allocation with LGIM requires a 9-month notice period for redemptions and the Apollo Semi-Liquid Credit allocation

requires a 3-month notice period for redemptions.

All other mandates can be realised daily or weekly.

## **2.6 Investment management arrangements**

The Trustees have appointed several investment managers to manage the assets of the Scheme as listed in the IID. The investment managers are regulated under the Financial Services and Markets Act 2000.

All decisions about the day-to-day management of the assets have been delegated to the investment managers via a written agreement. The delegation includes decisions about:

- Realisation of investments;
- Social, environmental, ethical and governance considerations in selection, retention and realisation of investments;
- The exercise of rights (including voting rights) attaching to the investments, although the Trustees will in advance explain to their investment managers what they consider to be the most significant votes in line with the Scheme's stewardship policies.

The Trustees take investment managers' policies into account when selecting and monitoring managers. The Trustees also take into account the performance targets the investment managers are evaluated on. The investment managers are expected to exercise their powers of investment with a view to giving effect to the principles contained within this statement, so far as reasonably practicable.

The investment managers' remuneration is based on either of, or a combination of, the below fee bases:

- i. Fees paid on a percentage value of the assets under management (applied either on total assets under management, or on a tiered assets under management basis);
- ii. Performance related fees.

Further information on the fee basis that applies to each of the Scheme's fund allocations can be found in the IID.

The fees have been negotiated to be competitive and are reviewed on an ongoing basis.

As the Scheme's assets are invested in pooled vehicles, the custody of the holdings is arranged by the respective investment managers.

Further information on the Investment Management Arrangement Policies that have been implemented are set out in Appendix B.

## **2.7 Investment Manager Monitoring and Engagement**

The Trustees monitor and engage with the Scheme's investment managers and other stakeholders on a variety of issues. Below is a summary of the areas covered and how the Trustees seek to engage on these matters with investment managers.

<b>Areas for engagement</b>	<b>Method for monitoring and engagement</b>	<b>Circumstances for additional monitoring and engagement</b>
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Performance, Strategy and Risk	<ul style="list-style-type: none"> <li>• The Trustees receive a quarterly performance report which details information on the underlying investments' performance, strategy and overall risks, which are considered at the relevant Trustee meetings.</li> <li>• The Scheme's investment managers are periodically invited, in person, to present to the Trustees on their performance, strategy and risk exposure.</li> </ul>	<ul style="list-style-type: none"> <li>• There are significant changes made to the investment strategy.</li> <li>• The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Trustees' expectation.</li> <li>• Underperformance vs the performance objective over the period that this objective applies.</li> </ul>
Environmental, Social, Corporate Governance factors and the exercising of rights	<ul style="list-style-type: none"> <li>• The Trustees' investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues.</li> <li>• The Trustees receive information from their investment advisors on the investment managers' approaches to engagement.</li> <li>• The Trustees will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters (including the Scheme's stewardship priorities) at least annually.</li> </ul>	<ul style="list-style-type: none"> <li>• The manager has not acted in accordance with their policies and frameworks (including stewardship priorities). The manager's stewardship policies and priorities are not in line with the Trustees' policies and any priorities in this area.</li> </ul>

Through the engagement described above, the Trustees will work with the investment managers to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustees will review the relevant investment manager's appointment and will consider terminating the arrangement.

### **3. Ethical, Environmental, Social and Governance**

In endeavouring to invest in the best interests of the beneficiaries, the Trustees have elected to invest the Scheme's assets in pooled funds and therefore cannot directly influence the social, environmental and ethical policies and practices of the companies in which the pooled funds invest.

The Trustees have no formal policy on either Socially Responsible Investment ("SRI")

matters or delegation of voting rights. Instead, they have delegated the responsibility for these matters to its investment managers, who will from time to time report on their current and future actions in these areas. The Trustees are satisfied that each manager's corporate governance policies reflect the key principles of SRI.

All of the Scheme's managers have adopted the UN Principles of Responsible Investment ("UNPRI") as a demonstration of their commitments to SRI.

#### **4. Employer-related investments**

The Trustees have decided that the Scheme will not hold any employer-related investments.

#### **5. 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 Trustees will obtain appropriate written advice from their investment advisers.

#### **6. Governance**

The Trustees of the Scheme make 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 Trustees take proper written advice. The Trustees' investment advisers, Isio Group Limited, are qualified by their ability in and practical experience of financial matters, and have the appropriate knowledge and experience. The investment adviser's remuneration may be a fixed fee or based on time worked, as negotiated by the Trustees in the interests of obtaining best value for the Scheme.

The Trustees have decided not to appoint an Investment Sub-Committee to deal with investment matters.

#### **7. 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 Trustees consulted the Sponsoring Company 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.

#### **8. Declaration**

The Trustees confirm that the information contained within the Statement of Investment Principles reflects the Investment Strategy they have implemented for the Scheme. The Trustees acknowledge that it is their responsibility, with guidance from the relevant Advisers, to ensure the assets of the Scheme are invested in accordance with these Principles.

**Signed for and on behalf of the Trustees of the Simpsons Malt Group Pension Scheme.**

**Signed:** *Trustees of the Simpsons Malt Group Pension Scheme*

**Date:** *July 2025*

## Appendix A - Risks, Financially Material Considerations and Non-Financial Matters

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

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

<b>Risks</b>	<b>Definition</b>	<b>Policy</b>
<b>Investment</b>	The risk that the Scheme's position deteriorates due to the assets underperforming.	<ul style="list-style-type: none"><li>• Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the Sponsoring Company's covenant strength.</li><li>• Investing in a diversified portfolio of assets.</li></ul>
<b>Funding</b>	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	<ul style="list-style-type: none"><li>• Funding risk is considered as part of the investment strategy review and the actuarial valuation.</li><li>• The Trustees will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.</li></ul>
<b>Covenant</b>	The risk that the Sponsoring Company becomes unable to continue providing the required financial support to the Scheme.	<ul style="list-style-type: none"><li>• When developing the Scheme's investment and funding objectives, the Trustees take account of the strength of the covenant ensuring the level of risk the Scheme is exposed to is at an appropriate level for the covenant to support.</li></ul>

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

<b>Risk</b>	<b>Definition</b>	<b>Policy</b>
<b>Interest rates and inflation</b>	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 85% of these risks on a Technical Provisions liability basis.
<b>Liquidity</b>	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI mandate when required.

<b>Risk</b>	<b>Definition</b>	<b>Policy</b>
<b>Market</b>	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.
<b>Credit</b>	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.
<b>Environmental, Social and Governance (“ESG”)</b>	Exposure to Environmental, Social and Governance (“ESG”) factors, including but not limited to climate change, which can impact the performance of the Scheme’s investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment (‘RI’) Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory 6. Preferably a signatory of the UK Stewardship Code The Trustees monitor the managers on an ongoing basis.
<b>Currency</b>	The potential for adverse currency movements to have an impact on the Scheme’s investments.	Allow the Scheme’s active managers who invest in overseas securities the flexibility to hedge overseas currency exposure to manage risk.
<b>Non-financial</b>	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 – Investment Management Arrangement Policies

The Trustees have the following policies in relation to the investment management arrangements for the Scheme:

<b>How the investment managers are incentivised to align their investment strategy and decisions with the Trustees’ policies.</b>	<ul style="list-style-type: none"> <li>As the Scheme is invested in pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustees’ policies. However, the Trustees invest in a portfolio of pooled funds that are aligned to the strategic objective.</li> </ul>
<b>How the investment managers are 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.</b>	<ul style="list-style-type: none"> <li>The Trustees review the investment managers’ performance relative to medium and long-term objectives as documented in the investment management agreements.</li> <li>The Trustees monitor the investment managers’ engagement and voting activity on an annual basis as part of their Environmental, Social and Governance (“ESG”) monitoring process.</li> <li>The Trustees do not incentivise the investment managers to make decisions based on non-financial performance.</li> </ul>
<b>How the method (and time horizon) of the evaluation of investment managers’ performance and the remuneration for their services are in line with the Trustees’ policies.</b>	<ul style="list-style-type: none"> <li>The Trustees review 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.</li> <li>The Trustees evaluate performance over the time period stated in the investment managers’ performance objective, which is typically 3 to 5 years.</li> </ul>
<b>The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.</b>	<ul style="list-style-type: none"> <li>The Trustees do not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.</li> </ul>
<b>The duration of the Scheme’s arrangements with the investment managers</b>	<ul style="list-style-type: none"> <li>The duration of the arrangements is considered in the context of the type of fund the Scheme invests in. <ul style="list-style-type: none"> <li>For closed-ended funds, or funds with a lock-in period, the Trustees ensure the timeframe of the investment or lock-in is in line with the Trustees’ objectives and Scheme’s liquidity requirements.</li> <li>For open-ended funds, the duration is flexible and the Trustees will, from time-to-time, consider the appropriateness of these investments and whether they should continue to be held.</li> </ul> </li> </ul>

<b>Voting Policy – How the Trustees expect investment managers to vote on their behalf</b>	<ul style="list-style-type: none"> <li>• The Trustees have acknowledged responsibility for the voting policies that are implemented by the Scheme’s investment managers on their behalf.</li> <li>• The Trustees will consider setting an expression of wish requesting their managers vote on certain issues in a particular way.</li> </ul>
<b>Engagement Policy – How the Trustees will engage with investment managers, direct assets and others about “relevant matters”</b>	<ul style="list-style-type: none"> <li>• The Trustees, via their investment advisers, will engage with managers about “relevant matters” at least annually.</li> <li>• Example stewardship activities that the Trustees have considered are listed below: <ul style="list-style-type: none"> <li>• Selecting and appointing asset managers – the Trustees will consider potential managers’ stewardship policies and activities.</li> <li>• Asset manager engagement and monitoring – on a regular basis, the Trustees assess the voting and engagement activity of their asset managers. The results of this analysis is fed into the Trustees’ investment decision making.</li> <li>• Collaborative investor initiatives – the Trustees will consider joining/supporting collaborative investor initiatives.</li> </ul> </li> </ul>

## Appendix C – Collateral Management Policy

The Trustees are targeting a level of collateral within the Scheme's automated collateral waterfall with Insight (the Scheme's LDI manager) equivalent to at least 30% of the Scheme's LDI funds. This is estimated to be sufficient to cover at least 3 collateral calls.

The Trustees will review their collateral management policy no less frequently than annually, or as soon as possible in the event of significant market movements.

The Trustees also have a framework for topping up the collateral.

<b>Trigger</b>	<b>Action</b>	<b>Responsibility</b>
Pooled LDI manager issues a capital call	Assets sold from nominated source of collateral	Insight
When collateral falls below 30% of the value of the LDI portfolio	Discussion on rebalancing nominated source of collateral to restore buffer to at least 30% of the value of the LDI portfolio.	Trustee

The latest collateral waterfall is shown below. Assets held with the same manager as the LDI mandate are shown in bold, reflecting the lower governance burden on the Trustees.

<b>Manager</b>	<b>Asset Class</b>	<b>Dealing frequency</b>	<b>Notice period</b>	<b>Settlement period</b>
<b>LDI manager</b>	<b>Asset Backed Securities</b>	<b>Daily</b>	<b>T-2</b>	<b>T + 3</b>
Non-LDI manager	Diversified Credit	Daily	T	T + 2
Non-LDI manager	Diversified Growth	Daily	T-1	T + 2