

1 Introduction

- 1.1 This Statement sets out the principles governing decisions concerning investments for the Beatson Clark Pension Scheme (the Scheme) in accordance with the requirements of the Pensions Acts 1995 & 2004 and the Occupational Pension Schemes (Investment) Regulations 2005 and subsequent changes to this Act. The amended Investment Regulations now mean that it is vital that trustees of all schemes understand and include ESG factors and stewardship approaches in their investment decision-making. A failure to do this puts trustees at significant risk of breaching their legal and regulatory duties. This document is subject to periodic review by the Trustee of the Beatson Clark (Trustees) Limited.
- 1.2 Before finalising this Statement the Trustee has, as required by section 35(3) of the 1995 Act and the 2005 amended Investment Regulations, considered advice from its investment adviser, who it believes has the appropriate knowledge, ability and experience of the management of the investments of schemes such as this, to enable them to provide that advice.
- 1.3 Following this the Trustee has then prepared this Statement of Investment Principles.
- 1.4 The Trustee has consulted Beatson Clark Limited as the Principal Employer under the Scheme, and they have agreed the approach taken in this Statement.
- 1.5 In September 2025, the Trustee transferred the Scheme's Defined Benefit ("DB") liabilities via a buy-in transaction to an insurer. The majority of the Scheme's assets were used to purchase the buy-in contract but, due to the strong funding position of the DB Scheme, some assets remained invested (the "Residual Assets"). The Statement relates solely to the Residual Assets and how these are managed by the Trustee.
- 1.6 This Statement is consistent with the investment powers of the Trustee as set out in the Rules and the Trustee will refer to the Rules for any clarification of their investment powers. (See Appendix 1.) Neither this Statement nor the Rules restricts the Trustee's investment powers by requiring the consent of the Principal Employer.
- 1.7 With the exception of cash, the Trustee does not conduct any day-to-day management of any of the Scheme's investments. Such management is delegated to appropriately qualified investment managers.

2 Choosing Investments and Engagement

- 2.1 The Trustee expects any investment manager appointed by them to have regard to the need for diversification of investments, in so far as this is appropriate to the circumstances of the Scheme.
- 2.2 Before investing in any manner, the Trustee will obtain and consider advice from its appointed Investment Adviser and/or its appointed investment managers as appropriate on the suitability of such investment and its appropriateness in accordance with this Statement.
- 2.3 The Trustee purchased a buy-in contract from Legal & General Assurance Society Limited ("LGAS"). The contract is held in the Scheme's name and is an asset of the Scheme. As the insurance company, LGAS will guarantee the Scheme's ongoing cash flow needs for future benefit payments as projected for the participants and agreed in the contract. The Trustee's intention is to convert the buy-in contract into a buy-out (where individual annuity contracts are assigned to each member) so that the Scheme can be wound up in due course.
- 2.4 At the date of the buy-in transaction, the value of the investments was greater than the premium payable to LGAS, meaning that the Scheme retained these 'Residual Assets' (value of investments at transaction date minus premium paid).
- 2.5 The Trustee acknowledges the importance of ESG and climate risk within its investment framework. When delegating investment decision making to their investment managers, it provide its investment managers with a benchmark it expects the investment managers to either follow or outperform. The investment managers have discretion over where in an investee company's capital structure they invest (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.
- 2.6 The Trustee is of the belief that ESG and climate risk considerations may extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustee also recognises that ESG and climate related issues are constantly evolving and along

with them so too are the products available within the investment management industry to help manage these risks.

- 2.7 The Trustee considers it to be a part of its investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units.
- 2.8 The Trustee considers it to be part of their investment managers' role to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.
- 2.9 Should an investment manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.
- 2.10 Through its consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustee has made the Principal Employer aware of its policy on ESG and climate related risks, how it intends to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.
- 2.11 The Trustee expects all investment managers to have a conflicts of interest policy in relation to their engagement and ongoing operations. In doing so, the Trustee believes they have managed the potential for conflicts of interest in the appointment of the investment managers and conflicts of interest between the Trustee
 /investment manager and the investee companies.
- 2.12 In selecting and reviewing its investment managers the Trustee will, where relevant, consider investment managers' policies on engagement and how these policies have been implemented.
- 2.13 The Trustee currently uses a mix of funds with M&G, and Legal & General Investment Management.

3 Governance

- 3.1 The Trustee remains responsible for the investment of the Residual Assets and takes some decisions whilst delegating others to the appointed investment managers. When deciding which decisions to take and which to delegate, the Trustee has considered whether it has the appropriate training and expert advice in order to take an informed decision.
- 3.2 The Scheme's investment consultant is independent, and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflict of interest.
- 3.3 The Trustee has established the following decision-making structure:

Trustee

- Sets structures and processes for carrying out its role
- Selects and monitor asset allocation
- Selects and monitor investment managers and performance of ESG and Climate Change protocols
- Makes day to day decisions relevant to the operation of the Scheme's investment strategy
- Considers new investment ideas and approaches

Investment Adviser

- Advises on the investment of the Scheme assets, including implementation
- Advises on this Statement
- Arranges training as required to Trustee directors

Fund Managers

- Operate within the terms of this Statement and their written contracts
- Select individual investments with regard to their suitability and diversification and ESG principles.

4 Types of Investments to be Held

- 4.1 The Residual Assets are invested with L&G and M&G (the “investment managers”) and totalled approximately £15.1m as at 30 September 2025.
- 4.2 Following discussions with the Principal Employer, the Trustee agreed to evolve the Scheme’s Residual Asset so that they were solely invested in a cash fund with L&G (the L&G Cash Fund) with the aim of preserving capital value.
- 4.3 Rather than immediately restructuring the Residual Assets so that they are solely invested in the cash fund, the Trustee agreed to gradually do so over a 24-month period ending 30 September 2027 as detailed below:

Investment Manager and Asset Class	30.09.25 (%)	17.11.25 (%)	30.09.26 (%)	31.03.27 (%)	30.09.27 (%)
M&G Total Return Credit Fund	19.9	--	--	--	--
M&G UK Property Fund*	1.3	1.3	--	--	--
L&G Gilt and Index-Linked Gilt Funds	23.8	23.8	15.9	7.9	--
L&G Maturing B&M Credit Funds	55.0	55.0	36.5	18.6	--
L&G Cash Fund	--	19.9	47.6	73.5	100.0
Total	100.0	100.0	100.0	100.0	100.0

** As the M&G UK Property Fund is in the process of being 'wound up' the holding cannot be traded. M&G expect this process to be completed by the end of 2026.*

5 Risk

- 5.1 The Trustee has considered the following risks in respect of the buy-in transaction and the ongoing management of the Residual Assets, which are kept under review:
 - the risk of financial markets not performing in line with expectations (“market risk”), which may adversely impact the value of the Residual Assets.
 - the risk of an increase in inflation (“inflation risk”), which may erode the capital value of the Residual Assets.
 - the risk of changes in pension regulations (“regulatory risk”), which may impact how the Residual Assets are managed.
 - the risk of the data calculations used for the buy-in not accurately reflecting the liabilities of the Scheme when it is in preparation for a buy-out (“calculation risk”).
 - the risk of the insurer failing to meet its obligations (“counterparty risk”). This risk is considered by the Trustee and its advisers both upon the initial appointment of the insurer and on an on-going basis thereafter.
 - to ensure that the Residual Assets are invested in such a way that any unexpected cash needs of the Scheme can be met in a timely and cost-efficient manner (“liquidity risk”).
 - the risk of the investment managers not meeting the stated objectives of the strategies held (“manager risk”). This risk is monitored by the Trustee (and its advisers) on an on-going basis.
 - the risk of fraud, poor advice or acts of negligence (“operational risk”). The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.

6 Realisation of Investments

- 6.1 The realisation of investments is delegated to the appointed investment managers as part of their day-to-day management activities. The Trustee advises which funds to disinvest from.

7 Incentivising alignment with the Trustee's investment policies - Environmental, Social and Governance (ESG) criteria

- 7.1 The Trustee believes that environmental, social and governance factors are financially material and therefore has a policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments to ensure sustainability of any investment selected. However, given that the Residual Assets will ultimately be invested in a cash fund, the Trustee notes that the application of this policy will be limited over time.
- 7.2 The Trustee's voting and engagement policy is to use its investments to improve the Environment, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustee believes that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of its investments and is in the members' best interests. The Trustee will aim to monitor the actions taken by the investment managers, on its behalf, and if there are significant differences from the policy detailed above, it will escalate its concerns which could ultimately lead to disinvesting their assets from the investment managers.
- 7.3 The Trustee expects the investment managers to exercise voting rights and engage with investee companies, and this will be monitored within the Implementation Statement in the Scheme's Annual Report and Accounts.
- 7.4 Further, the Trustee expects that, when selecting investments for purchase, retention, or sale, social, environmental, and ethical considerations will be among the factors that the investment managers will consider in the pursuit of long-term returns.

8 Governance and Assessing Performance

- 8.1 The Trustee expects the investment managers to exercise the rights attaching to the Residual Assets on behalf of all participants in the manner which supports the investment and performance objectives of the Scheme.
- 8.2 The Trustee monitors the performance of the investment managers over medium to long term periods that are consistent with the Trustee's investment aims, beliefs and constraints.
- 8.3 The investment manager are primarily remunerated via an agreed fixed annual percentage of the Residual Assets. The Trustee does not directly incentivise the investment managers to align their investment strategy and decisions with their policies and objectives, and asks the Investment Advisor to assess the ongoing appropriateness of the fixed annual percentage as part of any review of the Statement of Investment Principles.
- 8.4 The Trustee expects the investment managers to change underlying holdings only to extent required to meet the stated objective of the strategies held. The reasonableness of such turnover will vary by strategy and change according to market conditions. Therefore, the Trustee does not set a specific turnover target for the Residual Assets but expects the investment managers to provide information on portfolio turnover on request.
- 8.5 The Scheme's investments are in open-ended pooled funds and as such there are no pre-agreed timeframes for investment.

9 Additional Voluntary Contributions (AVCs)

- 9.1 The Trustee has full discretion as to the appropriate vehicles made available for the investment of members' AVCs. Only investment vehicles considered suitable for AVC investments are considered by the Trustee, having taken appropriate advice.
- 9.2 The Trustee reviews its policy regarding the investment of AVCs at annual intervals and takes account of the returns achieved for members and any comments from members.
- 9.3 The present AVC providers are London Life and Prudential.

The Beatson Clark Pension Scheme
Statement of Investment Principles 2025



DELIVERING THE DIFFERENCE

10 Myners Principles

10.1 The Trustee notes the Myners principles and continues to follow them to the extent that they are relevant to the size of the Scheme, nature of the liabilities and covenant of the Employer. The main investment principles set out in the Myners report are as follows:

- only those with sufficient expertise should take investment decisions
- clear objectives should be set for fund managers relevant to the circumstances of the Scheme
- consider asset classes reflecting the Scheme's own characteristics and not just the average asset allocation among other funds
- have a clear understanding of transaction costs involved
- operate a formal process of performance measurement.

11 Compliance

11.1 The Trustee will require the investment managers to report at regular intervals (at least half yearly) on that manager's stewardship of the Residual Assets of the Scheme under their control.

11.2 A review of this Statement will coincide with any material event impacting the Scheme, or at least every three years. Any such review will be based on written expert investment advice and will be in consultation with the Principal Employer.

Signed for and on behalf of the Trustee

Signed by:

FA4998A67AE04C0

Date: 16/3/2026

Appendix 1 – Investment Clause in Trust Deed Dated 11 September 2013

18.9 Investments

18.9.1 The Participating Employers shall pay or cause to be paid to the Trustees at least the contributions to be contributed in accordance with the Rules together with any expenses of administration and tax which in the opinion of the Trustees cannot be met out of the assets of the Scheme without prejudicing the benefits to be provided.

18.9.2 The contributions to be paid to the Trustees in accordance with, or for the purposes of the Scheme, and all investments for the time being representing the same and all income thereon, and all monies derived therefrom, shall be vested in the Trustees upon irrevocable trust to be held, applied and disposed of for the purposes of the Scheme in accordance with its provisions.

18.9.3 For the purposes of the Scheme, the Trustees may, anywhere, themselves or with others, acquire, hold, maintain, improve or dispose of any property, participate in or finance any company or business, deposit (whether or not at interest), lend or borrow money or other property, mortgage, charge or encumber any assets or enter any contract or risk any other type of investment as though they were absolutely and beneficially entitled to the assets.

18.10 Investment – particular cases

Under Rule 18.9.3 (but, except under Rule 18.10.6, without prejudice to its generality):

18.10.1 Types of Property

Property includes any interest in property, and property may be real or personal, moveable or immovable, tangible or intangible, income producing or not and may consist of policies of insurance, units in collective funds (including units in funds only available to tax-exempt investors) or, subject to section 40 of the 1995 Act, employer-related investments (as defined in that section);

18.10.2 Application of Assets

Assets may be applied or encumbered for any purpose which will or may benefit the Scheme, whether or not this may be regarded as investment or may involve a risk of loss, and as if the assets were beneficially owned by the Trustees personally;

18.10.3 Borrowing

Borrowing may be for any purpose (including the acquisition of assets, which may be charged to secure the borrowing, except in respect of the AVCs);

18.10.4 Policy to secure benefits

Benefits may be secured by an Insurance Policy taken out by the Trustees;

18.10.5 Nominee/custodian holdings

Assets may be acquired (and/or held) by nominees or custodians;

18.10.6 Asset pooling

Assets may (so long as the Scheme's status as a Registered Scheme is not prejudiced) be pooled with those of other retirement benefits or personal pension schemes.

18.10.7 No need to consult beneficiaries

There is no obligation to consult (or give effect to the wishes of) Beneficiaries and section 11(1) of the Trusts of Land and Appointment of Trustees Act 1996 does not apply to the Scheme.

18.10.8 Power to underwrite

The Trustees shall have power to enter into underwriting or sub-underwriting contract on such terms as they (in their absolute discretion) think fit.

18.10.9 Power to Insure

The Trustees shall have the power to insure (up to an amount) any assets of the Scheme against any loss, damage or depreciation (from whatever cause).

18.10.10 Donations, bequests and gifts

The Trustees shall have power to accept any donation, transfers, bequests or gifts for any purpose of the Scheme.