CITRUS PENSION PLAN

STATEMENT OF INVESTMENT PRINCIPLES

The effective date of this Statement is April 2026.

1. Introduction

The purpose of this Statement of Investment Principles ("**Statement**") is to document the investment principles governing decisions by the Trustee of the Citrus Pension Plan (the "**Trustee**") about investments for the purposes of the Citrus Pension Plan (the "**Plan**").

Regulations require trustees and managers to exercise their investment powers in a manner to ensure the security, quality, liquidity and profitability of a plan's investments. This includes investing in a manner which considers, and is appropriate to, the nature and duration of the expected future retirement benefits of the plan; having regard to the need for diversification in the choice of investments for the plan, making sure that the plan assets are invested mainly in regulated markets and limiting any investments in the employer's business.

The Trustee is responsible for setting the investment strategy of the Plan and has delegated the day-to-day management of the Plan's assets to Russell Investments as the Plan's Fiduciary Manager (the "**Fiduciary Manager**") under an Investment Management Agreement ("**IMA**").

The Fiduciary Manager is authorised and regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000.

The Citrus Pension Plan operates as a Defined Benefit Master trust. As such, the Trustee Board exercises investment powers across multiple participating employers and sections, ensuring each section's investment strategy remains appropriate to its funding basis and liability profile while maintaining overall Master trust-level consistency.

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 Plans (Investment) Regulations 2005.

2. Consultation and Advice

The Trustee is responsible for the investment strategy of the Plan. They have obtained and considered advice on the investment strategy appropriate for the Plan and on the preparation of this Statement.

The Trustee has decided to invest the Plan's assets in a fiduciary management arrangement. Under this arrangement, the Trustee, following advice from the Fiduciary Manager, sets specific funding objectives for each employer section of the Plan and investment guidelines, with the Fiduciary Manager providing day-to-day management of the assets in order to achieve these objectives within the guidelines specified.

The Trustee has consulted with the participating employers in the Plan on this Statement and has taken participating employers' comments into account when appropriate to do so.

A copy of this Statement is available to the members of the Plan here.

3. Objectives

The investment objective is set in relation to valuing the liabilities on a low dependency measure whilst also considering each section's future cashflow requirements.

The risk-free measure used to value the liabilities is based on the yields available on fixed-interest and index-linked gilts.

For each section of the Plan, the Trustee's objective is to take an appropriate level of investment risk to achieve full funding on a low-dependency or self-sufficiency basis, consistent with their overall funding principles.

4. Investment Strategy

Each participating employer's section within the Master trust has its own investment objective and funding basis, reflecting the differing maturity, liability profile, and covenant of each employer. The Trustee applies a consistent Integrated Risk Management framework across all sections, while recognising that decisions for each section are made independently to protect the interests of its members. The Trustee has translated each section's objectives into two key metrics – Target Return and Target Hedge Ratio. This is achieved by investing in a combination of return seeking (growth) assets, income generating (income) assets and liability hedging (matching) assets.

The Trustee has implemented an Integrated Risk Management framework which can be applied consistently across the various sections, but which is also flexible and sophisticated enough to accommodate a range of different circumstances and employer preferences. This will help keep the Plan efficient and cost effective for members and employers.

The Trustee considers the development of liabilities in conjunction with the assets of each of the employer sections of the Plan on at least a triennial basis in order to confirm the appropriateness of the chosen strategic asset allocation benchmark. The Trustee has the power to change the Target Return and Target Hedge Ratio for each section as required. In the event of a likely wind-up of a particular employer section, the Trustee will review the investment strategy for that specific section and make appropriate decisions.

The strategic asset allocation adopted for each employer section takes due account of the maturity profile of each section within the Plan (in terms of the relative proportions of liabilities in respect of pensioners, deferred members and active members within each section), together with the level of disclosed surplus or deficit (relative to the funding basis used).

The Trustee monitors the performance of Plan investments relative to agreed criteria on a regular basis.

5. Investment Choice

The types of investments held and the balance between them is adjusted as necessary to match the Trustee's objectives.

The assets of the Plan are invested in the best interests of the members and beneficiaries and in the case of a potential conflict of interest in the sole interests of members and beneficiaries.

The Trustee delegates its powers of investment to the Fiduciary Manager in a manner that is expected to ensure the security, quality, liquidity and profitability of the portfolio as a whole. The assets of the Plan are invested predominantly in 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. The diversification is both within and across the major asset classes.

Assets held to cover each section's liabilities are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Plan, but recognising also the return requirement in order to meet the funding objective.

Investment in derivatives is only made insofar 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 Trustee recognises that the key source of financial risk (in relation to meeting their objectives) arises from the level of target return needed to achieve the objective and the level of liability hedging that is affordable.

To this extent, the Trustee has agreed the Target Return and Target (liability) Hedge Ratio for each section within the Plan with the Fiduciary Manager, and as appropriate will agree how this Target Return, and Target Hedge ratio should evolve over time as actual experience differs from the expected experience.

The Trustee has delegated responsibility for managing the underlying investments to the Fiduciary Manager, within the guidelines and constraints set out in the IMA. This allows the asset allocation and managers to be adjusted quickly where needed, to best meet the investment objectives of the Plan.

6. Risks

Regular checks are made as to whether the funding and investment strategy remain on target to achieve the objectives, within acceptable parameters. If not, then corrective action is considered (by adjusting investment policy, or through amendments to the contribution plan).

The Trustee recognises a number of risks involved in the strategy and investment of the assets and monitors these risks in conjunction with its Fiduciary Manager (and other providers) where appropriate.

6.a Solvency risk (the risk of not achieving the funding target in the time frame desired)

Measured through a qualitative and quantitative assessment of the expected development of the liabilities relative to the current and alternative investment policies.

Managed through assessing the progress of the actual growth of the liabilities relative to the assets on a regular basis.

The Fiduciary Manager monitors the Plan's assets relative to the liability measure on a daily basis (separate for each section). It prepares a written report for the Trustee every quarter detailing changes over the quarter and any actions taken.

The Plan Actuary also prepares a written report on a triennial basis which includes an estimate of the cost of purchasing annuity policies for the Plan's members.

6.b Investment risk

There are many investment related risks which the Trustee is aware of, including; manager risk, liquidity risk (i.e. the risk of being unable to realise investments for cash), the risk of holding inappropriate investments, currency risk, political risk, corporate governance risk, counterparty risk, basis risk and legal and operational risk.

To reduce these risks, the Fiduciary Manager ensures the assets are diversified over different asset classes, sectors and securities and investment managers. Regularly monitoring the underlying managers' performance, processes and capabilities.

The Fiduciary Manager is also responsible for managing overall currency risk.

The Trustee also acknowledges the following investment related risks and monitors these with the support from the Fiduciary Manager and its other advisors.

- The actual return on the investment portfolio for each Section vs the Target Return. The Target Return is not guaranteed, the section's investment portfolio may not evolve as expected or indeed may fall in value.
- The deficit (measured as the difference between the liability value and the value of the investment portfolio) may increase as a result of long-term gilt yields falling or inflation expectations increasing.

- The probability of achieving full funding on the liability basis and then buy-out over a given timeframe could change if annuity prices increase (for example due to changes in insurance regulations or a change in the Trustee's mortality / longevity assumptions).

6.c ESG risk

The Trustee should be taking financially material Environmental, Social and Governance (ESG) factors, including climate change, into account in the investment process.

This risk is measured by the evolving impact of ESG issues on realized and expected returns.

Managed by the ongoing monitoring of ESG metrics at a total portfolio level and the regular review of the Fiduciary Manager's policies on responsible investing and active ownership.

6.d Custodian risk

Custodian banks provide secure safekeeping and trading of the assets.

This risk is measured by assessing the credit-worthiness of the custodian bank and the ability of the organisation to settle trades on time and provide secure safekeeping of the assets under custody.

Managed by ratifying the Fiduciary Manager's trade reports and expected cashflows against the custodians. Restrictions are also applied to who can authorise transfers of cash and the account to which transfers can be made.

6.e Fraud / Dishonesty

Addressed through the Fiduciary Manager having the appropriate insurance policies, and internal and external audit.

6.f Liquidity risk (ability to pay member benefits as they fall due)

The Plan's administrator monitors monthly benefit payments and ensures sufficient cash is available to meet payments when due. The Fiduciary Manager invests predominantly in assets that can be quickly sold for cash if necessary.

6.g Covenant Risk

Risks associated with changes in the Sponsor's covenant are regularly monitored by the Trustee and assessed by various means. This includes the Sponsor periodically providing the Trustee with updates on the strength of its covenant along with the Trustee also monitoring the Sponsor's failure Score (as defined for the purposes of calculating the risk-based element of the Pension Protection Fund levy).

7. Monitoring

The Trustee monitors the performance of the assets on a quarterly basis via investment monitoring reports prepared by the Fiduciary Manager.

The Fiduciary Manager monitors the Plan on a daily basis, including monitoring the following across sections:

- The funding level
- The asset allocation
- The hedge ratio
- The investment managers

- The cash position (specifically cash held within the fiduciary management arrangements, i.e. excluding any cash held in the Trustee bank account)

Where action needs to be taken (such as when a trigger point is hit) or is deemed to be sensible (for instance due to favourable/changing market conditions), the Fiduciary Manager will make appropriate changes, subject to the guidelines agreed with the Trustee.

Where changes cannot be made due to the guidelines specified, and the Fiduciary Manager believes the changes would be sensible, the Fiduciary Manager will work with the Trustee to explore whether the guidelines can be adjusted and how this may impact the Plan's strategy.

The Fiduciary Manager provides regular updates at Trustee meetings and provides information to other third parties at the request of the Trustee, such as administrators and auditors.

In addition, the Trustee regularly reviews the performance and services of the Fiduciary Manager.

8. Custody

Day-to-day control of custody arrangements for the Plan's assets is delegated to State Street Bank and Trust Company, who is independent of the Sponsor and Fiduciary Manager.

In addition, as the Plan invests in pooled funds, these funds each have a custodian. The investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets.

9. Realisation of Investments

The Trustee has delegated the realisation of investments to the Fiduciary Manager. The Fiduciary Manager monitors the Plan's investment portfolio on a daily basis and in accordance with the objectives set by the Trustee. The Fiduciary Manager will use contributions into and disinvestments out of the Plan's investment portfolio to manage and if necessary, rebalance the portfolio in-line with the objectives set by the Trustee.

10. Financially Material Considerations

Over the period to achievement of the overall investment objective of reaching full funding on the solvency basis, the Trustee has tasked the Fiduciary Manager with monitoring financially material risks within the Plan's investment portfolio. These include risks associated with environmental, social and governance ("ESG") factors where such factors are relevant and supported by data or metrics.

At a high level, the Plan is expected to increase its allocation to lower risk fixed-income assets as the Plan matures. The Fiduciary Manager also monitors and, where necessary, reduces the financially material risks which the Plan is exposed to as it travels through its journey to ultimately achieve its objective. The Fiduciary Manager integrates ESG data and tools into its portfolio construction and monitoring processes, aiming to reduce exposure to financially material risks. Active ownership and engagement, as outlined in Section 11, form a key mechanism through which these risks are managed dynamically over time.

11. Sustainable investing

The Trustee believes that investing sustainably is consistent with the Plan's mission of taking full account of longer-term return drivers and risk. In particular, the Trustee recognises that climate

change represents a systematic, long-term material financial risk to the value of Plan assets, as well as impacting on the Plan's liability profile and sponsor covenants.

By exercising good investor stewardship and by taking financially material environmental, social and governance ("ESG") factors, including climate change, into account in the investment process, the Trustee believes the Plan is better positioned to deliver the required long-term investment objective of achieving full funding on the ongoing dynamic buy-out basis.

The Trustee has delegated the day-to day investment decisions in relation to sustainable investing to the Fiduciary Manager, having reviewed the Fiduciary Manager's approach to ESG integration and sustainable investing practices as part of their appointment. The Fiduciary Manager's processes incorporate ESG factors, supported by data and proprietary tools, into manager selection, portfolio construction, stewardship and ongoing monitoring and reporting. More details on the Fiduciary Manager's approach to sustainable investing can be found within the Fiduciary Manager's Investment Stewardship Report which is available here.

The Trustee is satisfied that ESG considerations are integrated into the selection, retention and realisation of investments and are included in any manager selection and retention exercises that the Fiduciary Manager may undertake as part of both the investment and operational due diligence processes.

11.a Stewardship – Voting and Engagement

The Trustee is aware of its role as steward of capital and how to protect long-term financial value.

The Trustee believes that active ownership (voting and engagement) is the most appropriate channel to promote positive sustainable investing practices. All the Plan's assets are either managed directly or overseen by the Fiduciary Manager. As such, the Trustee delegates active ownership to the Fiduciary Manager.

The Fiduciary Manager uses voting rights and engagement as an essential part of the value creation process. This process includes:

- Operating Proxy Voting Committee (PVC) which oversees the proxy voting policies, procedures, guidelines and voting decisions.
- Prioritising certain engagement themes that drive the engagement with underlying investment managers and holdings. The engagement themes in focus are outlined and updated on the Fiduciary Manager's engagement policy, saved here.

The Trustee expects the Fiduciary Manager to: (i) be a signatory to the UN PRI; (ii) be a signatory to the UK Stewardship code; and (iii) provide adequate transparency around stewardship including an annual report on stewardship activities undertaken.

The Trustee will engage with the Fiduciary Manager as necessary for more information to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned. This will take the form of annual reporting which will be made available to Plan members.

11.b Monitoring and Reporting

The Fiduciary Manager provides quarterly reporting to the Trustee which captures the Plan's sustainable investing position. This includes sustainability-related insights, data and assessments of how sustainability risks and opportunities are being managed across the portfolio. The level of detail is dependent on the nature of the Plan and its underlying investments.

The Fiduciary Manager regularly monitors the underlying Investment Managers' ESG integration and stewardship practices. Where relevant, underlying managers report to the Fiduciary Manager on their engagement activity and proxy voting outcomes. A stewardship summary is provided each quarter, covering engagements, voting activity, and selected industry collaborations.

The Trustee reviews these reports to monitor the progress and effectiveness of the Plan's sustainable investing and stewardship approach.

11.c Non-financial Factors

The Trustee does not take into account non-financial matters in the selection, retention and realisation of investments. The Trustee assesses matters it considers to be financially material, this includes risks related to climate change and other ESG-related factors.

12. Conflicts of Interest

The Trustee is aware that actual and potential conflicts of interest can exist across all aspects of the investment arrangements. The Trustee has a conflict of interest register.

The Fiduciary Manager has provided the Trustee with their Conflicts of Interest policy. The Trustee is satisfied that the conflicts that exist are managed in accordance with the regulatory requirements, a culture of integrity, and independent oversight and monitoring. The Trustee may engage with the Fiduciary Manager on matters concerning the management of actual or potential conflict of interests between the Fiduciary Manager, or the underlying managers, and the underlying investments being made. Should the Trustee identify a situation where conflict of interest is an issue, the Trustee will monitor and engage to achieve the best long-term outcome for the Plan and its beneficiaries. Russell Investments Limited is regulated by the FCA.

13. Arrangement with the Fiduciary Manager

The Trustee recognises the importance of ensuring that the Fiduciary Manager's investment strategy aligns with the Trustee's investment policies. The Trustee's arrangements with the Fiduciary Manager, as detailed in this section 13, seek to incentivise the Fiduciary Manager to align its investment strategy and decisions with the Trustee's investment policies and to make decisions and operate in a manner that best generates medium to long-term financial and non-financial results for the Plan and its beneficiaries.

13.a Implementation

The services provided by the Fiduciary Manager to implement the Plan's investment strategy include risk management, portfolio construction and manager selection (which incorporates continuous monitoring of managers and, where required, revisions to the manager line-up). The Fiduciary Manager monitors its sub-advisors and the companies held in its portfolios in accordance with its Stewardship Policy.

The Trustee expects the Fiduciary Manager, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. This includes monitoring and engaging with underlying investment managers to ensure they are aligned with the investment objectives of the Plan. On an annual basis the Fiduciary Manager reports back to the Trustee on its engagement and stewardship practices via the annual implementation statement.

13.b Evaluation of Performance, Remuneration and Incentivisation

The Trustee carries out periodic reviews to assess the Fiduciary Manager's performance (net of all costs) relative to the objectives set by the Trustee and against the Plan's specific liability benchmark

The Trustee will consider both short (quarter) and longer-term horizons (3 and 5 years) when assessing the performance of the Fiduciary Manager.

The remuneration paid to the Fiduciary Manager and the fees incurred by third parties appointed by the Fiduciary Manager are provided annually by the Fiduciary Manager to the Trustee. This cost information is set out alongside the performance of the Fiduciary Manager to provide context. The Trustee monitors these costs and performance trends over time.

As part of the annual audit the Plan's auditor also reviews the fees which have been incurred during each year to ensure the remuneration is in line with what is specified in the IMA.

The Trustee believes that setting clear expectations to the Fiduciary Manager and by regularly monitoring the Fiduciary Managers performance versus those expectations, incentivises the Fiduciary Manager to make decisions that align with the Trustee's investment policies and are based on assessments of medium and long term financial and non-financial performance.

13.c Portfolio turnover costs

The Fiduciary Manager provides the Trustee with an annual breakdown of the portfolio turnover costs which have been incurred in-line with the Cost Transparency Initiative (CTI). The Trustee does not have a specified target portfolio turnover figure but do monitor and review the Fiduciary Manager's performance net of all transaction costs. The Trustee understands that the Fiduciary Manager will need to carry out trading within the portfolio in order to meet the return objective and properly manage risks. The Fiduciary Manager monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the investment managers appointed on behalf of the Trustee. Ultimately, the Fiduciary Manager is incentivised to manage transaction costs effectively given the adverse impact on performance.

13.d Monitoring Investment Performance

The Trustee receives quarterly reports and verbal updates from the Fiduciary Manager on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on medium to longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Plan's objectives.

The Trustee receives annual stewardship reports on the monitoring and engagement activities carried out by the Fiduciary Manager, which supports the Trustee in determining the extent to which the Plan's engagement policy has been followed throughout the year.

The Trustee also receives annual cost transparency reporting from the Fiduciary Manager in line with the prevailing regulatory requirements for Fiduciary Managers. These include but are not limited to the total costs incurred by the Plan, the fees paid to the Fiduciary Manager and underlying managers, the amount of portfolio turnover costs (in relation to section 13.c above), charges incurred through the use of pooled funds (e.g. custody, admin, audit fees etc.) and the impact of these costs on the investment return achieved by the Plan.

13.e Duration of Agreement

The Trustee's arrangement with the Fiduciary Manager is not for a fixed term but an ongoing arrangement. The Trustee has a right to terminate this arrangement on notice under the terms specified in the IMA. The periodic reviews (referred to above) are an opportunity for ongoing

assessment of the arrangement with the Fiduciary Manager with particular consideration for how the Fiduciary Manager is aligning to the Trustee's investment policies.

14. Timing of Periodic Review

The Trustee will review the Statement and the Plan's investment strategy each year and additionally whenever they believe there to be a significant change in the Plan's circumstances.

The Appendix contains further detail of the Plan's investment strategy and may be updated from time to time without updating this Statement.

15. Additional Voluntary Contributions ("AVCs") Arrangements

The Plan has historic AVCs with Utmost (formerly Equitable Life) and Clerical Medical.

The last review of the providers was carried out in 2024, following which all members with AVCs were written to. The funds being used by AVC members at that time were all self-select funds, with no life styling funds being used. The last information obtained for each provider is as follows:

- **Utmost:**
  No members are currently making contributions with Utmost, with the most recent contribution being January 2001.
  There were four members with AVC arrangements across three underlying funds.
- **Clerical Medical:**
  Information could not be obtained from them as part of the review, and so the most recent information is as at 2019.
  As of 2019, there were 11 members with AVC arrangements across 4 underlying funds, including a with-profits fund.

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