

British Board of Agrément Pension and Life Assurance Scheme

Statement of Investment Principles

December 2025

1 Introduction

This Statement sets out the principles governing decisions relating to the investment of the assets of the British Board of Agrément Pension and Life Assurance Scheme (the Scheme).

The Scheme is a defined benefit arrangement set up under trust and registered with HM Revenue and Customs (HMRC). The Scheme is subject to the Statutory Funding Objective (SFO) introduced by the Pensions Act 2004, i.e., that it should have sufficient and appropriate assets to cover its Technical Provisions, as calculated in accordance with the Trustees' Statement of Funding Principles.

This Statement has been prepared to comply with the following legislation and regulations:

- Section 35 of the Pensions Act 1995
- Section 244 of the Pensions Act 2004
- The Occupational Pension Scheme (Investment) Regulations 2005
- The Pension Protection Fund (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2018
- The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019

A copy of this Statement will be made available to Scheme members on request to the Trustees and online.

2 Investment Decision Making

The investment of the Scheme's assets is the responsibility of the Trustees. The Trustees' investment powers are set out in Clauses 15 – 16 of the Definitive Trust Deed and Rules, dated 29 March 2000, as amended. The investment powers granted to the Trustees under these Clauses are wide and this Statement is consistent with those powers.

The Trustees have obtained and considered professional advice on the content of this Statement from Broadstone Corporate Benefits Limited (Broadstone), their appointed investment adviser. Broadstone has confirmed to the Trustees that it has the appropriate knowledge and experience to give the advice required under legislation, and is authorised and regulated by the Financial Conduct Authority (FCA).

The Trustees have consulted the Principal Employer, British Board of Agrément, when setting their investment objectives and strategy, and in the preparation of this Statement.

Responsibility for maintaining the Statement and determining the Scheme's investment strategy rests solely with the Trustees. The Trustees will obtain such advice as they consider appropriate and necessary whenever they intend to review or revise this Statement.

3 Investment Objectives

The Trustees have considered the strength of the Principal Employer's willingness and ability to support the Scheme when setting the investment objectives and strategy.

The Trustees and Principal Employer have adopted a funding and investment approach that secures the Scheme's liabilities with an insurer. This approach places very little assumed reliance on the employer covenant. The Trustees are satisfied that the Principal Employer has the resources to enable the liabilities to be fully secured in the short term, given that the Trustees have purchased a bulk annuity contract with an insurer, and the Employer has resources in place that are expected to be sufficient to meet additional expenses associated with finalising the bulk annuity purchase process and winding-up of the Scheme.

The Scheme is subject to the Statutory Funding Objective (SFO) introduced by the Pensions Act 2004, i.e., that it should have sufficient and appropriate assets to cover its Technical Provisions, as calculated in accordance with the Trustees' Statement of Funding Principles. However, given the fact that the Trustees have secured the Scheme's liabilities with an insurer, the Trustees have agreed that the funding position measured relative to the cost of the bulk annuity contract is the assessment of scheme funding that is of most importance to the Trustees and members.

The Trustees' investment objectives for the Scheme are to invest sufficient assets in a bulk annuity contract that backs all the liabilities of the Scheme and that enables the Trustees to meet all benefits of the Scheme as they fall due prior to the Scheme being wound up.

The Trustees will have regard to the Principal Employer's views on the potential costs and risks associated with the investment objectives set and their implementation through the practical strategy.

4 Setting the Investment Strategy

The Trustees have appointed Aviva Life & Pensions UK Limited (Aviva, the 'Insurer') as the insurer to undertake the day-to-day investment management of the Scheme's assets backing defined benefits. Alongside this bulk annuity policy, the Trustees also hold individual annuity policies for certain members with Prudential Assurance Society Limited (Prudential).

The Scheme holds Additional Voluntary Contributions (AVCs) separately from the assets backing defined benefits via investments held with Utmost Life and Pensions Limited (Utmost) and Prudential.

The Trustees' policies in setting the investment strategy are set out below:

Policy	
Selection of Investments	<p>The Trustees may select investments from a wide range of asset classes from time to time.</p> <p>The Trustees have decided to:</p> <ul style="list-style-type: none"> • Hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part or all of the future defined benefit liabilities due from it. • Hold a working cash balance for the purpose of meeting defined benefit payments due to members and the expenses of running the Scheme.
Balance of Investments	<p>The Trustees have set a Target Asset Allocation that consists solely of insurance policies, with the intention of meeting their investment objectives.</p>
Delegation to the Insurer and AVC providers	<p>The Trustees will delegate the day-to-day management of the Scheme's assets to the Insurer and AVC providers, and will not be involved in the buying or selling of investments.</p>
Employer Related Investments	<p>The Scheme does not directly hold any employer-related investments.</p>

Details of the investment strategy are set out in the Appendix to this Statement.

5 Realisation of Assets

The assets of the Scheme are held in insurance policies with both Aviva and Prudential, which covers all benefits payable from the Scheme as they fall due.

6 Expected Returns

The Trustees' objective is for the Scheme's assets to move in line with the underlying liabilities on a solvency funding basis.

7 Risks

The Trustees have considered various risks the Scheme faces, including market risk, interest rate risk, inflation risk, duration mismatch risk, default risk, concentration risk, manager risk, and currency risk, and consider that the buy-in policy fully mitigates the risk that the Scheme's funding position is volatile as market conditions change.

The Trustees will review any remaining covenant and funding risks faced by the Scheme with the assistance of their Scheme Actuary from time to time. The Trustees will consider the appropriateness of implementing additional risk mitigation strategies as part of such reviews.

In addition, the Trustees will review wider operational risks as part of maintaining their risk register.

8 Security of Assets

The day-to-day activities that the Insurer carries out for the Trustees are subject to regular internal reviews and external audits by independent auditors to ensure that operating procedures and risk controls remain appropriate.

Safekeeping of the Scheme's assets held with the Insurer is performed by custodians appointed by them.

The Trustees have considered the security of the Scheme's holdings with the Insurer, allowing for its status as a reputable regulated insurance company subject to solvency capital requirements and insurance oversight arrangements, and consider these protections to be reasonable and appropriate.

9 Responsible Investment & Stewardship

The Trustees believe that in order to protect and enhance the value of the investments, during the period over which the benefits are paid, they must act as responsible asset owners.

The Scheme is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustees therefore do not explicitly seek to reflect any specific views through the implementation of the investment strategy, either financial or non-financial.

Following the purchase of the buy-in policy, the Scheme does not directly hold any assets for which the Trustees are able to affect their investment in light of environmental, social and governance (ESG) considerations. The Trustees expect the Insurer to take financially material ESG factors into account, given the active management style of the Insurer's assets backing their bulk annuity policies. The Trustees also expect the Insurer to engage with investee companies, where possible.

The voting policies of Aviva can be found at the following website:

<https://www.aviva.co.uk/business/workplace-pensions/corporate/defined-benefit-solutions/sustainability/>

10 Conflicts of Interest

The Trustees maintain a separate conflicts of interest policy and register.

Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the Insurer, whilst also setting out a process for their management.

11 Monitoring

The Trustees will consider on a regular basis whether or not the AVC providers remain appropriate to continue to manage the Scheme's AVCs.

12 Review of Statement

The Trustees will review this Statement at least every three years or if there is a significant change in the Scheme's circumstances or the regulations that govern pension scheme investment.

For and on behalf of the Trustees of the British Board of Agrément Pension and Life Assurance Scheme

Date:

Appendix A Investment Strategy Implementation Summary

A.1 Asset Allocation

The Scheme holds a bulk annuity contract with Aviva Life & Pensions UK Limited (Aviva) and individual annuity contracts with Prudential Assurance Society Limited (Prudential) that jointly provide cashflows expected to match future benefit outgo for all the Scheme's liabilities.

A.2 Insurer

The Trustees entered into a contract with Aviva in December 2025.

Aviva is supervised by the Prudential Regulation Authority.

A.3 Investment strategies and objectives

The Trustees have invested all of the Scheme's assets in a buy-in policy with Aviva.

The Aviva buy-in policy has an objective to meet all benefits of the Scheme as they fall due.

A.4 Target Hedging Ratios

There are no explicit target hedging ratios against the interest rate risk and inflation risk associated with the Scheme's liabilities. However, the Aviva buy-in policy has an objective to meet all benefits of the Scheme as they fall due (except those separately insured under annuity contracts with Prudential), and therefore provides full protection against any changes in the value of the underlying liabilities as interest rates and/or inflation expectations change.

A.5 Investment Management Charges

There are no explicit management charges applied within the Aviva buy-in policy.

A.6 Additional Voluntary Contributions

In the past, the Scheme provided a facility with the Equitable Life Assurance Society (which was subsequently transferred to Utmost Life and Pensions Limited) and the Prudential Assurance Company Limited for members to pay AVCs to enhance their benefits at retirement. Since the Scheme is now closed to future accrual, no new contributions can be made in respect of AVCs. However, members who paid AVCs in the past retain investments in respect of those contributions.