Ryder Pension Fund (the "Fund")
Statement of Investment Principles

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.

Investment Objective
The Trustee aims to invest the assets of the Fund prudently to ensure that the benefits promised to members are provided. The Trustee has purchased an annuity policy to insure these benefits and minimize the risk that the Fund is unable to meet this objective.

STRATEGY

The Fund invests in a Bulk Purchase Annuity Agreement ("Annuity Policy") with Aviva. The Annuity Policy is intended to provide a return which matches the liabilities insured for the membership of the Fund, and remove unrewarded risks such as interest rates, inflation and longevity, that are associated with those liabilities insured.

In addition to the Annuity Policy, the Scheme holds some residual assets, which will be held in cash within the Trustee Bank Account.

The Fund's assets do not have an explicit return objective, rather the assets aim to deliver the benefits promised to members.

The current asset allocation strategy was determined with regard to the actuarial characteristics of the Fund in particular the strength of the funding position, liability profile of the Fund its cashflow requirements and the Trustee's objectives. The assets of the Fund are invested in a manner which the Trustee believes to be in the best interests of the members and beneficiaries.

When choosing the Fund's asset allocation strategy, the Trustee considered written advice from its investment advisers and, in doing so, addressed the following:

- The need to consider a full range of asset classes.
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.

In addition, the Trustee also consulted with the sponsoring employer when setting this strategy.

RISK

The Annuity Policy has removed most of the investment risks to which the Scheme was exposed. The Trustee has identified a number of residual risks which remain:

- The risk of a shortfall of liquid assets relative to the Fund's immediate liabilities ("cash flow risk"). The Trustee and its advisers will manage the Fund's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs. Aviva is responsible for providing the cash for benefit payments covered by the Annuity Policy, the risk that it defaults on this obligation is covered under 'Annuity Policy default risk' below.
- The residual assets are insufficient to meet the other payments the Scheme needs to make, such as any true-up premium to Aviva, scheme expenses etc and the Sponsor is unable to provide sufficient additional funding to meet these expenses.

- The possibility of failure of the Fund’s sponsoring employer (“covenant risk”). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- 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.
- The risk that Aviva fail to make the pension payments covered by the Annuity Policy as they fall due (‘Annuity Policy default risk’). Having considered the credit strength of the insurer as part of its due diligence process, in addition to other factors such as the regulatory environment and other protections available (e.g., the Financial Services Compensation Scheme), the Trustee considered this to be an appropriate investment for the Fund.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner.

The Trustee’s policy is to monitor these risks periodically.

IMPLEMENTATION

Aon Investments Limited has been selected as investment adviser to the Trustee. The investment advisor is paid for advice received on a time cost basis for the work they undertake for the Trustee although, for significant areas of advice, a fixed fee may be negotiated.

The majority of the Fund’s assets are invested in an Annuity Policy with Aviva. The day-to-day management of these assets is delegated to Aviva. Aviva pays the Scheme an amount each month equal to the pension payment due in respect of the membership underlying the policy. The contract is an asset of the Scheme, and the pension liability remains within the Scheme until such a time as a buyout is completed.

The residual assets are held as cash within the Trustee Bank Account.

RESPONSIBLE INVESTMENT

In setting the Fund’s investment strategy the Trustee’s primary concern is to act in the best financial interests of the Fund and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes 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 Trustee consider this risk by taking advice from its investment adviser when setting the Fund’s asset allocation, when selecting managers and when monitoring performance.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest the majority of the Fund’s assets in an Annuity Policy and therefore have limited ability to influence the environmental, social, and governance (“ESG”) policies and practices of the companies in which the Annuity Policy invests. ESG considerations were a contributing factor in the selection of the Annuity Provider. Residual assets are held in cash with the Trustee Bank Account, where the Trustee consider ESG and climate to not present material risks.

Stewardship – Voting and Engagement

The Trustee recognises the importance of its 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 long-term financial value for the Scheme and its beneficiaries.

Given the nature of the Scheme's buy-in contract, the Trustee believes it has a limited scope to influence the ongoing stewardship and corporate governance activities of the insurer, as a result it will not actively seek to monitor its activities and policies in this area. Should the Trustee be provided with any opportunity which it deems appropriate to engage Aviva it will consider this and will outline its views and expectations of the insurer – should it deem this to be appropriate.

Members' Views and Non-Financial Factors

In setting and implementing the Fund’s investment strategy the Trustee does not take into account the views of Fund’s 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").

COST MONITORING

Following the purchase of the Annuity Policy, responsibility for monitoring costs of the majority of the Fund's assets has been delegated to Aviva. The Trustee therefore does not monitor costs relating to the Policy. The Trustee paid a premium to Aviva when the Annuity Policy was initiated, and as a result there are no ongoing fees in respect of the Policy.

Residual assets are held in cash with the Trustee Bank Account. As such, the Trustee does not have a formal Cost Monitoring policy in place for these assets.

Targeted portfolio turnover is defined as the expected frequency with which an investment manager's fund holdings change over a year. Given the majority of the Fund's assets are invested in the Annuity Policy, the Trustee does not monitor portfolio turnover.

THE ARRANGEMENTS WITH INVESTMENT MANAGERS

Before entering into the Annuity Policy with Aviva, the Trustee reviewed the governing documentation associated with the Policy and considered the extent to which it aligned with the Fund's requirements. Following the purchase of the Annuity Policy, and with the exception of the residual assets, the responsibility for managing arrangements with the underlying asset managers lies with Aviva. This responsibility may include ensuring that arrangements with appointed asset managers are aligned to achieving the medium and long-term objectives of Aviva and as established within the contractual terms of the Annuity Policy of the Fund.

Given the nature of the assets the Trustee believes that Aviva is incentivised to manage their portfolios in an appropriate manner, it also believes that it has limited scope to influence their various policies. As such the Trustee does not seek to monitor these on an ongoing basis. Should the Trustee be provided with any opportunity which it deems appropriate to engage, it will consider this and will outline its views and expectations.

Given the relatively small proportion of residual assets invested outside of the Annuity Policy, and the nature of the funds held, the Trustee do not maintain a policy for this arrangement.

No performance monitoring is carried out in relation to the Annuity Policy however checks are carried out to ensure the payments received from the policy are in line with expectations.

There is no set duration for arrangements with the Annuity Provider or with the Trustee Bank Account.

GOVERNANCE

The Trustee is responsible for the investment of the Fund's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee have taken into account whether they have the appropriate training and expert advice in order to take an informed decision. The Trustee have established the following decision making structure:

Trustee • Determine investment objective, select and monitor planned asset allocation strategy, and evaluate success of the overall investment strategy • Select / Monitor / retain / terminate investment advisors, fund managers, trustee and other service providers • Set structures and processes for carrying out its role • Select direct investments • Consult with the sponsoring employer
Investment Adviser • Advise on all aspects of the investment of the Fund's assets including implementation • Advise on this statement • Advise on required training
Investment Managers • Operate within the terms of this statement and their written contracts • Buy and sell individual investments with regard to their suitability and diversification • Advise the Trustee on the suitability of the indices in their benchmark
Annuity Provider • Manage annuity policy to pay the agreed liabilities of the Fund

Direct Investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The Trustee's policy is to review their direct investments and to obtain written advice about them regularly. These include vehicles available for members' Additional Voluntary Contributions (AVCs). When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against a set criteria which takes into account the best interests of the members and beneficiaries, the security, quality, liquidity and profitability of the investments, as well as the nature and duration of liabilities. Also of consideration is diversification, the ability to trade on regulated markets and the use of derivatives.

Other Governance Issues

The Trustee's investment adviser has the knowledge and experience required under the Pensions Act 1995 to act within an investment capacity for the Fund.

The Trustee expect the annuity provider and investment manager to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

Document Maintenance

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

This SIP has been adopted by Trustee of the Ryder Pension Fund (April 2024).