Aggreko Pension Scheme

Statement of Investment Principles

Barnett Waddingham LLP

March 2025

1. Introduction

1.1. This is the Statement of Investment Principles prepared by the Trustee of the Aggreko Pension Scheme ("the Scheme"). This statement sets down the principles which govern the decisions about investments.

1.2. In preparing this statement the Trustee has consulted Aggreko International Projects Limited, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustee's investment consultant. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.

1.3. The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.

2. Choosing investments

2.1. The Trustee's policy is to set the overall investment target and then monitor the performance of the Scheme against that target. In doing so, the Trustee considers the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.

2.2. Effective from 28 February 2025, the Trustee entered into a bulk annuity insurance contract with Aviva ("the Insurer"), which is expected to match all defined benefits due to members of the Scheme. The Insurer is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

2.3. The Trustee holds no other investments beyond cash in the Scheme's bank account and a small residual holding in the LGIM Sterling Liquidity Fund. The day-to-day management of the assets held in the LGIM Sterling Liquidity Fund is delegated to Legal and General Investment Management. The investment manager is authorised and regulated by the Financial Conduct Authority and is responsible for stock selection.

2.4. The Trustee continues to review the appropriateness of the Scheme's investment strategy on an ongoing basis but would consider it unlikely that any material future changes will be made prior to the Aviva insurance policy potentially being assigned to individual members and the Scheme then being wound up.

2.5. The Trustee will consult the Employer before amending the investment strategy.

3. Investment objectives

3.1. The Trustee has discussed key investment objectives in light of an analysis of the Scheme's liability profile as well as the constraints the Trustee faces in achieving these objectives. As a result, the Trustee's main investment objectives are to hold assets that provide a high likelihood that members' entitlements under the Trust Deed and Rules will be met in full as they fall due.

4. Kinds of investments to be held

4.1. The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property alternatives and annuity policies.

4.2. Given the Scheme's investment strategy, it is not expected that the Scheme will hold any employer-related investments. However, this is typically checked annually by the Scheme's auditors.

5. The balance between different kinds of investments

5.1. The Scheme invests in assets that are expected to achieve the Scheme's objectives. The Scheme holds a bulk annuity contract expected to produce cashflows that exactly match the benefit entitlements of each of the Scheme's members. The remainder of the Scheme's assets are held in the Trustee bank account and the LGIM Sterling Liquidity Fund, bearing in mind the nature of the potential additional liabilities that may fall due on the Scheme that are not covered by the contract.

6. Risks

6.1. The various types of investment risk which may affect the Scheme's liabilities are covered under the bulk annuity purchase with the Insurer. Therefore, the vast majority of the risks set out below are covered by the insurance contract, and are therefore judged to have minimal impact on the Scheme's ability to meet the liabilities of the Scheme as they fall due. However, for completeness the Trustee has considered the following risks for the Scheme with regard to its investment policy and the Scheme's liabilities:

Risk versus the liabilities	The Trustee notes that by securing the Scheme's benefits with an insurer, the risk of benefits not being met is now very low.
Covenant risk	The Scheme is less reliant on the strength of the Employer's covenant as the Scheme's benefits have wholly been secured with an insurer. When converting the buy-in contract into a buy-out policy with the Insurer, the Scheme will be reliant on the Employer to make good any shortfall in excess of the small amount of assets held outside of the insurance contract.
Insurer counter party risk	The risk of the insurer defaulting has been managed through the selection of a reputable UK regulated insurer and potentially supported by the insurance compensation regime in place should an insurer fail.
Investment manager risk	The Trustee monitors the performance of the residual assets (i.e. those held in cash and the small residual LGIM Sterling Liquidity Fund outside the bulk annuity contract) as necessary.
ESG/Climate risk	The Trustee has considered long-term financial risks to the Scheme and ESG factors (as well as climate risk). While the Trustee considers these factors to be potentially financially material, management of these risks over the lifetime of the contract is primarily an issue for the Insurer to manage.
Concentration risk	The Investment Manager and the Insurer are expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Liquidity risk	The Scheme invests in assets, including cash, such that there is a sufficient allocation to liquid investments to meet the Scheme's remaining cashflow requirements that are not covered by the bulk annuity insurance contract. The Scheme's administrators monitor the level of cash available in the Scheme's bank account.
Currency risk	The Scheme's liabilities and the income produced by the bulk annuity contract are both denominated in sterling.
Loss of investment	In the event of the Insurer becoming insolvent, the Scheme could suffer losses on the contract, but would still retain the liability to pay members' benefits. This risk is mitigated by the regulatory regime and capital requirements in place for UK insurers. The risk of loss of investment by the investment manager is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

7. Expected return on investments

7.1. The Trustee has chosen to invest the vast majority of assets in a bulk annuity contract to match the Scheme's projected benefit payments with income from the contract. The remaining assets are held bearing in mind the nature of the potential additional liabilities that may fall due on the Scheme that are not covered by the policy, and ongoing expenses.

7.2. The Trustee has not set an expected return on the bulk annuity contract, given that its primary purpose is as an insurance contract rather than a return-seeking investment.

8. Realisation of investments

8.1. The bulk annuity contract with the Insurer is not readily realisable and the Trustee does not expect to need to surrender or realise the contact given its nature and purpose. The income from the bulk annuity contract will be used to pay benefits covered by the contract. The remaining assets of the Scheme are held in assets that can be realised at short notice.

9. Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities, and policy on arrangements with investment managers

9.1. Since the majority of the Scheme's assets are held in an insurance policy, these matters are primarily an issue for the Insurer to manage. This is reflected in the Trustee's own policies, as summarised in the Appendix.

10. Agreement

10.1. This statement was agreed by the Trustee and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the Employer, the investment manager, the Scheme Actuary and the Scheme Auditor upon request.

Signed:... **Date:**.....................

On behalf of the Aggreko Pension Scheme

Appendix Note on investment policy of the Scheme as at March 2025 in relation to the current Statement of Investment Principles

1. Choosing investments

The Trustee has appointed the following investment manager/ insurer to carry out the day-to-day investment of the Scheme; residual assets held by Legal and General Investment Management (LGIM) in the LGIM Sterling Liquidity Fund, Aviva (Bulk annuity contract). The LGIM Sterling Liquidity Fund has an objective of providing diversified exposure and a competitive return in relation to SONIA (Sterling Overnight Index Average).

The Trustee also has Additional Voluntary Contracts (AVC) with the following AVC providers for the receipt of members' AVCs: Clerical Medical Investment Group Limited (open to existing contributors but payments cannot be increased) and Standard Life (Bonus Waiver Plan, closed to new payments). The arrangement is reviewed from time to time. The AVC providers are authorised and regulated by the Financial Conduct Authority.

2. Investments and disinvestments

The Scheme's cashflow requirements are expected to be met by the Scheme's remaining cash holdings and the bulk annuity contract.

Appendix Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities, and policy on arrangements with investment managers

1. Financially Material Considerations

The Trustee considers that factors such as environmental, social and governance (ESG) issues (including but not limited to climate change) have the potential to be financially material over the long-term. However, as the Trustee has completed a purchase of a bulk annuity contract intended to match the majority of the Scheme's liabilities, the Trustee is not directly exposed to these risks. The remaining assets are held bearing in mind the nature of the potential additional liabilities that may fall due on the Scheme and are not covered by the contract. The management of ESG and climate change by insurers was considered as part of the decision to purchase the buy-in contract.

The Trustee has an expectation that the Insurer will consider ESG-related issues in selecting securities and other investments, or will otherwise engage with the issuers of their underlying holdings on such matters in a way that is appropriate for the nature of the assets under consideration. This includes applying their voting policy where applicable.

Given the nature of the current holdings in the Scheme, the Trustee will review and monitor the ESG policy as they deem appropriate, considering the risks that present themselves.

The Scheme retains cash and liquidity holdings but the Trustee notes, due to a number of controls at both the asset manager and counterparties, the impact of engagement on the risk/return of the cash holdings is limited. The Trustee has therefore not set stewardship priorities.

2. Conflicts of interest

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.

The Trustee expects the investment manager and Insurer to have conflicts of interest policies in relation to their engagement and ongoing operations. The Trustee believes it has managed the potential for conflicts of interest in the appointment of the investment manager, Insurer, and investment consultant, and conflicts of interest between the Trustee, investment consultant, the investment managers, the insurers, and any underlying investee companies.

3. Non-financially material considerations

When constructing the investment strategy and selecting investment managers, the Trustee does not prioritise non-financial matters. Given the bulk annuity purchase, the Trustee has limited ability to address non-financial matters. The Trustee will review its policy on whether or not to take account of non-financial matters periodically.

4. Policy on arrangements with investment managers

Incentivising alignment with the Trustee's investment polices

Arrangements for incentivising the investment managers of the assets underlying the bulk annuity contract are an issue for the Insurer.

Method and time horizon for assessing performance

The Trustee does not undertake regular formal monitoring of the investment manager due to the limited benefit of this activity given the bulk annuity contract held with the insurer for the majority of liabilities. However, the Trustee would undertake such monitoring if it was deemed necessary.

The Scheme invests exclusively in a pooled money market fund and a bulk annuity contract. The investment manager is remunerated by the Trustee based on the assets they manage on behalf of the Trustee. The Trustee reviews annual management charges in light of prevailing circumstances as required.

Portfolio turnover costs and duration of arrangement

The Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments. However, given the bulk annuity contract and liquidity holdings of the Scheme, the Trustee notes that the impact of portfolio turnover costs and the duration of arrangement with the investment manager are expected to have zero impact.

For the open-ended pooled fund in which the Scheme invests, there are no predetermined terms of agreement with the investment manager.