Berry Birch & Noble Staff Pension Fund

Statement of Investment Principles

December 2024

Contents

1. Introduction

1.1. This is the Statement of Investment Principles prepared by the Trustee of the Berry Birch & Noble Staff Pension Fund (the Scheme). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004; and
- The Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010 and the Occupational Pension Schemes (Investment) (Amendment) Regulations 2018
- The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019

1.2. In preparing this statement the Trustee has obtained advice from Barnett Waddingham LLP, the Trustee's investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority for a range of investment business activities.

1.3. The Scheme is currently in a Pension Protection Fund (PPF) assessment period. The members of the Scheme entered a PPF assessment period under the Fund as a result of a relevant insolvency event taking place in respect of their employer. The date each participating employer entered a PPF assessment period is as follows:

BBB Support Services Limited – 20 March 2006
Berry Birch & Noble Financial Planning – 20 March 2006
Berry Birch & Noble Insurance Brokers Limited – 8 November 2006
Berry Birch & Noble Management Limited – 27 June 2007

1.4. Upon entry to the PPF Assessment Period, the Scheme consisted of a defined benefit section and a hybrid section (the "B Scheme") which provided benefits based on a members' (GMP) entitlement and that individual's money purchase fund. The Trustee intends to discharge all assets and liabilities relating to the sections during the Assessment Period. The Trustee has secured a bulk annuity policy which meets the benefit entitlements of some members in the B Scheme.

1.5. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.

1.6. 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.

1.7. The investment powers of the Trustee are set out in the Definitive Trust Deed & Rules, dated 28 September 1983 as subsequently amended. This statement is consistent with those powers.

2. Choosing investments

2.1. Effective 31 October 2023, the Trustee purchased a bulk annuity insurance contract with Aviva, which is expected to provide benefits due to some members in the B Scheme. Aviva is regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

2.2. The Trustee holds no residual assets beyond cash in the Scheme's bank account. The Trustee reviews 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 buy-in with Aviva is complete and the Scheme transferring to the PPF.

2.3. The Trustee considers any guidance set out by the PPF, including the PPF's own Statement of Investment Principles, when choosing the Scheme's investments during an Assessment Period.

2.4. The sponsoring employers are no longer in existence and so there is no requirement for employer consultation.

3. Investment objectives

3.1. The Trustee has considered key investment objectives in light 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 ensure that they can meet the members' entitlements as they fall due, in accordance with the Trust Deed and Rules and overriding PPF requirements during the Assessment Period;
- to invest in assets of appropriate liquidity.
- To hold assets that provide a high likelihood that members' benefits will be met in full when they fall due.
- To maintain suitable cash holdings in order to meet Scheme expenses over the period until the PPF assessment is completed.

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 deferred or immediate annuity policies.

4.2. The sponsoring employers are no longer in existence and so there are no employer-related investments.

5. The balance between different kinds of investments

5.1. The Scheme invests in assets that are expected to achieve the Scheme's objectives.

5.2. The Scheme holds a bulk annuity policy with Aviva.

5.3. The nature of the bulk annuity policy means that Aviva will accommodate cashflow requirements in respect of some benefit payments relating to the B Scheme. Expenses will be met from the residual assets.

5.4. The remainder of the Scheme's assets are held in the Trustee Bank Account.

6. Risks

The Trustee has considered the following risks for the Scheme with regard to its investment policy and the Scheme's liabilities, and considered ways of managing/monitoring these risks:

Risk versus the liabilities	During the PPF assessment period, the investment strategy will be set with consideration of an appropriate level of risk, having consulted with the PPF. The risk of the assets behaving differently from liabilities relating to some members in the B Scheme has been mitigated by purchasing an annuity policy with Aviva that matches benefit payments due. In order to protect the Scheme's ability to cover continuing payments to members not included in the bulk annuity transaction, the Scheme has secured loans from the PPF.
Covenant risk	The sponsoring employers are no longer in existence and the investment strategy is no longer set with reference to the employer covenant. Rather it is set with reference to guidance set by the PPF.
Insurer counterparty risk	The risk of Aviva defaulting has been managed through the selection of a reputable UK regulated insurer backed by strong levels of solvency capital and supported by the insurance compensation regime in place should an insurer fail.
Investment manager risk	The Scheme's main asset is the annuity policy with Aviva with no residual holdings held with investment managers.
Governance risk	Aviva is expected to undertake good stewardship and positive engagement in relation to the assets held.
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 Scheme's risk is minimal as the Scheme holds no other assets, excluding the bulk annuity policy, beyond cash in the Trustee bank account. In relation to the bulk annuity policy, it is at Aviva's discretion how the underlying assets are invested and Aviva bear the risk in relation to the assets' performance.
Liquidity risk	The income generated by the annuity policies is expected to match benefit payments to some members in the B Scheme. As there is no longer a sponsoring employer, the Scheme is at risk of running out of money should expenses and benefit payments not covered by the Aviva annuity policy exceed the level of cash reserves.
Currency risk	The Scheme's liabilities and the income generated by the annuity contracts with Aviva are both denominated in Sterling.
Loss of investment	The most material risk is in relation to the bulk annuity policy with Aviva. In the event of Aviva becoming insolvent, the Scheme could suffer losses (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 Trustee has carried out due diligence on Aviva and also understands that the Financial Services Compensation Scheme would apply in the event of insolvency.

7. Expected return on investments

7.1. The Trustee has chosen to invest in annuity policies to match some of the B Scheme's projected benefit payments with income from the policies.

7.2. The Trustee has not set an expected return on the annuity polices, given their primary purposes is as insurance contracts rather than return-seeking investments.

8. Realisation of investments

8.1. The Trustee has chosen to invest in a bulk annuity policy to match projected benefit payments with income from the policy. 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. The Trustee has considered the risk of liquidity as referred to above.

9. Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities

9.1. The Trustee has set policies in relation to these matters. These policies are set out in **Appendix 2.**

10. Policy on arrangements with asset managers

The Trustee is required by legislation to have a policy covering various aspects of the Scheme's arrangement with the asset managers, where relevant, through which the Scheme invests.

The Trustee's policies are set out below. It should be noted that the policies are short as much of the legislation is more applicable for ongoing pension schemes with long time-horizons rather than for schemes in a PPF Assessment Period where the time-horizons are much shorter.

Trustee's policies

The Trustee's investment strategy is designed so that the Scheme's assets can be used to meet member benefits.

This is achieved by the bulk annuity policy secured with Aviva relating to some of the members of the B Scheme and by securing PPF loans, to meet benefits of members not covered by the bulk annuity policy.

Given the Scheme's time-horizon is expected to be short and that the Scheme's only assets are the bulk annuity policy with Aviva and cash in the Trustee bank account, the Trustee:

- Does not prioritise non-financial considerations when selecting, incentivising and monitoring managers and their funds' performance. Given the bulk annuity purchase, the Trustee has limited ability to address non-financial matters.
- The Trustee does not undertake regular formal monitoring of the investment managers due to the limited benefit of this activity given the bulk annuity policy held with the insurer for the majority of liabilities. However, the Trustee would undertake such monitoring if it was deemed necessary.
- The Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments. However, given the bulk annuity policy, arrangements for incentivising the investment managers of the assets underlying the bulk annuity policy are an issue for the insurer.
- Expects investment managers to be voting and engaging on behalf of the Scheme's holdings and, where relevant, the Scheme monitors this activity within the Implementation Statement in the Scheme's Report

and Accounts. The Trustee does not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

11. Agreement

11.1. 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 actuary and the Scheme auditor upon request.

This SIP was agreed by the Trustee on 12 December 2024

Appendix 1 Note on investment policy of the Scheme in relation to the current Statement of Investment Principles

Choosing investments

The Scheme has secured a bulk annuity policy with Aviva which will meet benefits due to some members in the B Scheme.

The Trustee has appointed Barnett Waddingham LLP to advise on investment matters.

The balance between different kinds of investment

The Scheme's assets are held in a bulk annuity policy and the Scheme bank account, bearing in mind the nature of the potential additional liabilities that may fall due on the Scheme that are not covered by the policy.

Investments and disinvestments

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

Appendix 2: Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities

Financially material consideration, Socially Responsible Investment and Corporate Governance

- The Trustee believes that environmental, social and governance factors are potentially financially material and therefore have a policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments.
- The Trustee acknowledges that the Scheme is in the PPF Assessment Period and therefore the impact of environmental, social and governance factors is not expected to be hugely significant. In part, this is due to the fact that the time horizon for the investment strategy is not expected to be long and the Scheme invests in a cash fund. In addition, ESG considerations cannot be meaningfully applied by the Trustee to the bulk annuity policy secured with Aviva.
- 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.

Non-financial matters

- 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.

Engagement activities

- Given the Scheme has secured a bulk annuity policy, the Scheme does not have a policy in relation to engagement activities. The Trustee notes that by securing the Scheme's benefits with an insurer, they have limited ability to influence the voting and engagement activities undertaken on behalf of the insurer. Responsibility for engagement with the issuers of investments underlying the bulk annuity policy, including voting policy (where applicable), is the responsibility of the insurer.

Conflicts of interest

- The Scheme's investment adviser 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 conflicts of interest.

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