

Chubb Safes Pension Plan

Statement of Investment Principles

Barnett Waddingham LLP

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1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustee of the Chubb Safes Pension Plan ("the Plan"). This statement sets down the principles which govern the decisions about investments that enable the Plan 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.
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. In preparing this statement the Trustee has consulted Gunnebo UK Ltd, 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 and licensed by the Institute and Faculty of Actuaries for a range of investment business activities.
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.
- 1.4. 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 their managers against that target. In doing so, the Trustee considers the advice of its professional advisers, who it considers to be suitably qualified and experienced for this role.
- 2.2. The day-to-day management of the Plan's assets is delegated to one or more investment managers. The Plan's investment managers are detailed in the Appendix to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority and are responsible for stock selection and the exercise of voting rights.
- 2.3. The Trustee reviews the appropriateness of the Plan's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustee will also consult the Principal 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 Plan'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 the Plan can meet the members' entitlements under the Trust Deed and Rules as they fall due;

- to achieve a long-term positive real return;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the Plan's required contribution levels;
- to invest in assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from the Participating Employer, the cost of current and future benefits which the Plan provides;
- to reduce the risk of the assets failing to meet the liabilities over the long term;
- to minimise the long-term costs of the Plan by maximising the return on the assets whilst having regard to the above objectives;
- to take account of the long-term risks, including those relating to non-financial factors, when making investment decisions.

These objectives have been set with consideration to the Plan's liabilities, the strength of the employer covenant, and the risk capacity and appetite of the sponsor and Trustee.

- 3.2. The Trustee is aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Plan's liabilities. The Trustee has obtained exposure to investments that they expect will meet the Plan's objectives as best as possible.

4. Kinds of investments to be held

- 4.1. The Plan is permitted to invest in a wide range of assets including equities, bonds, cash and alternatives.
- 4.2. The Trustee monitors from time-to-time the employer-related investment content of their portfolio as a whole and will take steps to alter this should they discover this to be more than 5% of the portfolio. Typically, this check is carried out annually by the Plan's auditors.

5. The balance between different kinds of investments

- 5.1. The Plan invests in assets that are expected to achieve the Plan's objectives. The allocation between different asset classes is contained within the Appendix to this Statement.
- 5.2. The Trustee considers the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in the Appendix to this Statement.
- 5.3. From time to time the Plan may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflow requirements or any other unexpected items.
- 5.4. The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and therefore the Plan's asset allocation will be expected to change as the Plan's liability profile matures.

6. Risks

- 6.1. The Trustee has considered the following risks for the Plan with regard to its investment policy and the Plan's liabilities, and considered ways of managing these risks:

Risk versus the liabilities	The Trustee will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. The investment strategy will be set with consideration to the appropriate level of risk required for the funding strategy as set out in the Plan's Statement of Funding Principles.
Covenant risk	The creditworthiness of the Principal Employer and the size of the pension liability relative to the Principal Employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
Solvency and mismatching	This risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustee is aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Plan's funding basis.
Asset allocation risk	The asset allocation is detailed in the Appendix to this Statement and is monitored on a regular basis by the Trustee.
Investment manager risk	The Trustee monitors the performance of each of the Plan's investment managers on a regular basis and may have meetings with managers from time-to-time as necessary. The Trustee has a written agreement with its investment managers, who have documented restrictions on how each investment manager may operate.
Governance risk	Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustee monitors these and will report on the managers' practices in their annual Implementation Statement.
ESG/Climate risk	The Trustee has considered long-term financial risks to the Plan and believes ESG factors, as well as climate risk, are potentially financially material. The Trustee will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Plan's investments in order to avoid unexpected losses.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Liquidity risk	The Plan invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Plan's cashflow requirements. The Plan's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.
Currency risk	The Plan's liabilities are denominated in sterling. The Plan may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management. Currency hedging is employed to manage the impact of exchange rate fluctuations.
Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud). The Trustee undertakes an annual review of the internal controls and processes of each of the investment managers.

7. Expected return on investments

- 7.1. The Trustee has regard to the relative investment return and risk that each asset class is expected to provide. The Trustee is advised by its professional advisors on these matters, who it deems to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.
- 7.2. The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.
- 7.3. In considering the expected return from investments, the Trustee recognises that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.
- 7.4. Having established the investment strategy, the Trustee monitors the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions and the Plan's funding position.

8. Realisation of investments

- 8.1. The Trustee has delegated the responsibility for buying and selling investments to the investment managers. The Trustee has considered the risk of liquidity as referred to above.
- 8.2. Ultimately, the investments will all have to be sold when the Plan's life comes to an end. In this situation, the Trustee is aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Plan accounts.

9. Financially material considerations, non-financially material considerations, 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 the Appendix.

10. Policy on arrangements with asset managers

Incentivising alignment with the Trustee's investment policies

- 10.1. Prior to appointing an investment manager, the Trustee discusses the investment manager's approach to the management of ESG and climate related risks with the Plan's investment consultant, and how their policies are aligned with the Trustee's own investment beliefs.
- 10.2. When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustee also considers how ESG and climate risk are integrated into these. If the Trustee deems any aspect of these policies to be out of line with its own investment objectives for the part of the portfolio being considered, it will consider using another manager for the mandate.

- 10.3. The Trustee carries out a strategy review at least every three years where it assesses the continuing relevance of the strategy in the context of the Plan's membership and their aims, beliefs and constraints.
- 10.4. In the event that an investment manager ceases to meet the Trustee's desired aims, including the management of ESG and climate-related risks, using the approach expected of them, their appointment will be terminated.
- 10.5. Investment manager ESG policies are reviewed in the context of industry best practice and feedback will be provided to the investment managers where appropriate.

Incentivising assessments based on medium-to-long-term, financial and non-financial considerations

- 10.6. The Trustee is mindful that the impact of ESG and climate change has a long-term nature. However, the Trustee recognises that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustee acknowledges this in its investment management arrangements.
- 10.7. When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustee assesses these over a rolling timeframe. The Trustee believes the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter-term target, this is generally supplementary to a longer-term performance target. In the case of assets that are actively managed, the Trustee expects this longer-term performance target to be sufficient to ensure an appropriate alignment of interests.
- 10.8. The Trustee expects investment managers to be voting and engaging on behalf of the Plan's holdings and the Plan monitors this activity within the Implementation Statement in the Plan's Annual 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.

Method and time horizon for assessing performance

- 10.9. The Trustee monitors the performance of its investment managers over medium-to-long-term periods that are consistent with the Trustee's investment aims, beliefs and constraints.
- 10.10. The Plan invests exclusively in pooled funds. The investment managers are remunerated by the Trustee based on the assets they manage on behalf of the Trustee. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall, they receive less.
- 10.11. The Trustee believes that this fee structure, including the balance between any fixed and performance-related element, enables the investment manager to focus on long-term performance without worrying about short-term dips in performance significantly affecting their revenue.
- 10.12. The Trustee asks the Plan's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered regularly as part of the review of the Statement of Investment Principles.

Portfolio turnover costs

- 10.13. The Trustee acknowledges that portfolio turnover costs can impact on the performance of its investments. Overall performance is assessed as part of the quarterly investment monitoring process.

10.14. During the investment manager appointment process, the Trustee may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment managers concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices. The Trustee acknowledges that for some asset classes, such as LDI, a higher turnover of contracts such as repurchase agreements, can be beneficial to the fund from both a risk and cost perspective.

Duration of arrangement with asset manager

10.15. For the open-ended pooled funds in which the Plan invests, there are no predetermined terms of agreement with the investment managers.

10.16. The suitability of the Plan's asset allocation and its ongoing alignment with the Trustee's investment beliefs is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

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 Principal Employer, the investment managers, the Scheme Actuary and the Plan auditor upon request.

Signed:.....

Date:.....

On behalf of the Trustee of Chubb Safes Pension Plan

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

1. The balance between different kinds of investment

The Plan's asset allocation as at 9 May 2025 is set out in the table below.

Portfolio	Fund	Allocation (%)
Growth portfolio total		65.4
Growth portfolio	LGIM Synthetic Leveraged Equity Fund	4.1
	LGIM Absolute Return Bond Fund	10.1
	LGIM Absolute Return Bond Plus Fund	10.0
	M&G Total Return Credit Fund	12.3
	Aegon European ABS Fund	15.8
	CQS Dynamic Credit Multi Asset Fund	13.1
Protection portfolio total		34.6
Protection portfolio	LGIM 2038 Leveraged Gilt Fund	7.2
	LGIM 2042 Leveraged Gilt Fund	3.9
	LGIM 2045 Leveraged Gilt Fund	2.4
	LGIM 2049 Leveraged Gilt Fund	5.4
	LGIM 2055 Leveraged Gilt Fund	2.9
	LGIM 2060 Leveraged Gilt Fund	2.9
	LGIM 2068 Leveraged Gilt Fund	2.1
	LGIM 2030 Leveraged Index-Linked Gilt	2.1
	LGIM 2037 Leveraged Index-Linked Gilt	2.1
	LGIM 2042 Leveraged Index-Linked Gilt	1.1
	LGIM 2047 Leveraged Index-Linked Gilt	1.0
	LGIM 2050 Leveraged Index-Linked Gilt	0.4

LGIM 2055 Leveraged Index-Linked Gilt	0.7
LGIM 2062 Leveraged Index-Linked Gilt	0.2
LGIM 2068 Leveraged Index- Linked Gilt	0.2
Total	100.0

Totals may not sum due to rounding

Rebalancing

The Trustee recognises that the above allocation will vary over time as a result of market movements and disinvestment requirements.

The Plan's Liability Driven Investment ("LDI") Portfolio consists of leveraged gilt funds. The value of these investments can change materially over time due to movements in long-term interest rates and market-implied inflation and will therefore deviate from the allocation set out in the table above.

The Trustee has an agreed an automatic collateral waterfall with LGIM (as set out below) to meet any potential collateral calls from the LDI funds.

Fund	Order of Priority
LGIM Absolute Return Bond Fund	1
Aegon European ABS Fund	2
M&G Total Return Credit Fund	3
LGIM Absolute Return Bond Plus Fund	4

Cashflow management

Through the normal course of events, cashflow management transactions (investments and disinvestments) will be made using the Plan's primary source of collateral, the LGIM Absolute Return Fund. However, it may be deemed appropriate from time-to-time to deviate from this policy at the Trustee's discretion.

2. Choosing investments

The Trustee has appointed the following investment managers to carry out the day-to-day investment of the Plan:

- Legal and General Investment Management ("LGIM")
- M&G Investment Management Limited
- CQS Investment Management LLP
- Aegon Asset Management Limited

The Plan accesses all the underlying funds through LGIM's Investment-only Platform ("IoP").

The investment benchmarks and objectives for each fund are given below:

Investment Manger	Fund	Benchmark	Objective
LGIM	Synthetic Leveraged Equities	The Underlying Fund is managed against a custom Markit benchmark*	Designed to provide leveraged exposure to global equity markets.
	Absolute Return Bond Fund	ICE BofA British Pound 3 Month Deposit Offered Rate Constant Maturity Total Return Index	To outperform the benchmark by 1.5% p.a. over rolling 3-year periods (before fees)
	Absolute Return Bond Plus Fund	ICE BofA USD 3-Month Deposit Offered Rate Constant Maturity Index (GBP Hedged)	To outperform the benchmark by +3.5% p.a. over rolling 3-year periods (before fees)
	LDI	Respective unleveraged/ leveraged gilt/ index-linked gilt pooled funds	To hedge part of the interest and inflation risk of the liabilities
M&G	Total Return Credit Multi Asset Fund	1-Month EURIBOR	To outperform the benchmark by 3-5% (gross of fees per annum), over any five-year period.
CQS	Dynamic Credit Multi Asset Fund	n/a	Targets a net return of 6-8% per annum over the cycle, with single digit volatility.
Aegon	European ABS Fund	Bloomberg Barclays Capital Euro ABS Fixed and Floating Index	The investment process is focused on the addition of value by means of an active selection policy for issuers, collaterals, sectors and countries.

*This uses the MSCI World Index as the reference index and, in accordance with the index provider's methodology, applies factors to incorporate the leveraged component

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

1. Financially Material Considerations

The Trustee considers that factors such as environmental, social and governance (ESG) issues (including but not limited to climate change) will be financially material for the Plan over the length of time during which the benefits provided by the Plan for members require to be funded to a level which would allow the benefits to be bought out with an insurer. This is likely to be not less than five years from the date of this Statement of Investment Principles.

The Trustee has elected to invest the Plan's assets through pooled funds. The choice of underlying funds is made by the Trustee after taking advice from its investment consultant. The Trustee, and the managers of the underlying funds, takes into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.

The Trustee takes factors into account in the selection, retention and realisation of investments as follows:

Selection of investments: assess the investment managers' ESG integration credentials and capabilities, including stewardship, as a routine part of requests for information/proposals as well as through other regular reporting channels.

Retention of investments: Developing a robust monitoring process in order to monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the investment managers.

Realisation of investments: The Trustee will request information from investment managers about how ESG considerations are taken into account in decisions to realise investments.

The Trustee will also take those factors into account as part of its investment process to determine a strategic asset allocation and consider them as part of ongoing reviews of the Plan's investments.

The Trustee will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- The Trustee will obtain regular training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Plan and its investments;
- As part of ongoing monitoring of the Plan's investment managers, the Trustee will use any ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Plan's investment managers take account of ESG issues.
- Through its investment consultant the Trustee will request that all of the Plan's investment managers provide information about how they engage with the companies they invest in with respect to ESG issues on an annual basis.

2. Non-financially material considerations

The Trustee does not take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Plan (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments.

3. The exercise of voting rights

The Trustee's policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustee's behalf. In doing so, the Trustee expects that the investment managers will use their influence as major institutional investors to exercise the Trustee's rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustee will monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through the Plan's investment consultant.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustee will, with input from its investment consultant, monitor and review the information provided by the investment managers. Where possible and appropriate, the Trustee will engage with its investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

4. Engagement activities

The Trustee acknowledges the importance of ESG and climate risk within their investment framework. When delegating investment decision making to its investment managers it ensures that its investment managers report against a benchmark they expect to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustee is of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustee also recognises that ESG and climate related issues are constantly evolving and along with them; so too are the products available within the investment management industry to help manage these risks.

The Trustee considers it to be a part of its investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Plan or as part of the pooled fund in which the Plan holds units.

The Trustee also considers it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Plan.

Should an investment manager be failing in these respects, this should be captured in the Plan's regular performance monitoring.

The Plan's investment managers are granted full discretion over whether or not to invest in the Principal Employer's business. Through its consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustee has made the Principal Employer aware of its policy on ESG and climate related risks, how it intends to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

The Plan'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 it makes are free from conflict of interest.

The Trustee expects all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustee believes it has managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustee/investment manager and the investee companies.

In selecting and reviewing their investment managers, where appropriate, the Trustee will consider investment managers' policies on engagement and how these policies have been implemented.

Appendix 3 Investment Manager Fee Arrangements

The fee arrangements with the investment managers are summarised below:

Investment manager	Fund	Annual Management Charge (%)
LGIM	Synthetic Leveraged Equities	0.350
	Absolute Return Bond Fund	0.225
	Absolute Return Bond Plus Fund	0.330
	Liability Driven Investment	0.162
CQS	Dynamic Credit Multi Asset Fund	0.380
Aegon	European ABS Fund	0.290
M&G	Total Return Credit Investment Fund	0.430

As well as the annual management charges given above, additional fund expenses will apply (covering legal, accounting and auditing fees for each fund). The additional fund expenses will vary from quarter to quarter.