DEUTSCH RETIREMENT BENEFITS PLAN

STATEMENT OF INVESTMENT PRINCIPLES

Prepared and issued by

The Trustees of the Deutsch Retirement Benefits Plan

February 2025

DEUTSCH RETIREMENT BENEFITS PLAN

STATEMENT OF INVESTMENT PRINCIPLES

CONTENTS

1 INTRODUCTION

1.1 Legislative Background

This Statement of Investment Principles ("the SIP") has been prepared in accordance with the investment provisions of the Pensions Act 1995 ("the 1995 Act"), as amended by section 224 of the Pensions Act 2004 ("the 2004 Act"), and the Occupational Pension Schemes (Investment) Regulations 2005 ("the Investment Regulations") as amended.

In drawing up this document, the Trustees have sought advice from Censeo Actuaries & Consultants Limited ("the Strategic Investment Consultant") and have consulted the Principal Employer, Tyco Electronics UK Ltd.

The effective date of this SIP is February 2025 and it has been prepared following changes made to the investment strategy. In accordance with the legislation the Trustees will review the SIP without delay after any further significant change in investment policy but, in any event, no later than February 2028.

The Trustees will consult the Principal Employer on changes in investment policy, as set out in this document. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustees.

The Trustees may delegate investment powers. Section 36(2) of the 1995 Act requires that, where any decision about investments constitutes regulated investment business under the Financial Services & Markets Act 2000 ("FSMA") the delegate be appropriately authorised by the Financial Conduct Authority ("FCA"). If a decision does not constitute regulated investment business the Trustees must take all reasonable steps to satisfy themselves that the delegate has appropriate knowledge and experience. The Trustees' policy regarding delegation is set out in section 5.8 and 5.9 of the SIP below.

1.2 Plan Constitution

The Deutsch Retirement Benefits Plan ("the Plan") is governed by a Definitive Trust Deed & Rules dated 13 September 1993, as amended subsequently. Investment decisions are taken by the Trustees in accordance with Clause 6 of the Trust Deed & Rules. A majority of the Trustees is required in order to make a valid decision.

The Plan is a defined benefit plan for employees of Deutsch UK who commenced employment prior to 1 January 1996 and to two employees of Tyco Electronics UK Ltd who were invited to join the Plan for a short period in October 2014 ("TE members"). Accrual of benefits under the Plan ceased on 30 November 2002 for the majority of members, and on 24 October 2014 for the TE members.

2 INVESTMENT RESPONSIBILITIES

2.1 The Trustees are responsible for:

- preparing the Statement of Investment Principles and, in doing so, taking written advice from their Scheme Actuary and Strategic Investment Consultant to ensure that the investment policy is suitable for the Plan,
- monitoring compliance with the Statement and reviewing its contents at least every three years and without delay after a significant change in investment policy,
- appointing the Investment Managers and any external consultants thought to be necessary and
- reviewing on a regular basis the Investment Managers' performance against established benchmarks and satisfying themselves as to the Managers' expertise and the quality of their internal systems and controls.

2.2 The Investment Managers (to the extent that the Trustees have delegated their discretion) are responsible for:

- the investment of the Plan's assets in compliance with the investment mandates to which they have been appointed,
- holding portfolios as instructed from time to time by the Trustees and/or their advisers,
- security and stock selection within appropriate asset classes,
- providing the Trustees with regular (at least quarterly) valuations of the Plan's assets* and
- attending Trustees' Meetings at reasonable intervals.

* Where the Trustees make investments through an investment platform, such responsibility will fall upon the investment platform.

2.3 The Custodians are responsible for:

- their own compliance with prevailing legislation,
- receiving and delivering cash, assets and distributions relating to assets and
- holding assets securely for the Plan’s benefit.

2.4 The Strategic Investment Consultant is responsible for:

- assisting the Trustees in the preparation and review of this document,
- assisting the Trustees in their regular monitoring of the Investment Managers' performance and the Plan assets as a whole and
- assisting the Trustees in the design and implementation of appropriate asset allocation strategies.

2.5 The Fund Investment Consultant is responsible for assisting the Trustees in the selection and appointment of Investment Managers, when required.

2.6 The Scheme Actuary is responsible for:

- providing the Trustees with advice as to the maturity of the Plan and its funding level and
- raising with the Trustees any concerns regarding investment policy that may arise through changes in liability profile or legislation.

3 FUNDING AND INVESTMENT OBJECTIVES

3.1 The Trustees' primary funding objective is to achieve self-sufficiency[1] by 31 October 2029. The Trustees must, also, satisfy the Statutory Funding Objective.

3.2 The Trustees' primary investment objective for the Plan, as agreed with the Principal Employer, is to earn investment returns that will help to improve the Plan's funding position, within the Trustees' risk tolerance.

3.3 The Trustees' policy for achieving their investment objective is set out in Section 5.

[1] A state where the Plan expects to be able to sustain itself by investing assets on a low-risk basis and paying benefits as they fall due, with a low probability of requiring any additional support from the sponsoring employer.

4 RISKS TO THE FUNDING AND INVESTMENT OBJECTIVES

The Trustees have identified a number of risks that may affect their ability to meet their objectives. These risks, and the measures the Trustees are taking to mitigate them, are set out below.

4.1 ***Risk that the Principal Employer becomes insolvent or fails to make adequate contributions to the Plan to meet benefit promises***

The Trustees receive regular reports from the Employer, at each Trustee meeting, regarding the performance of the business. This enables the Trustees to identify any significant weakening of the Employer covenant. If such weakening is identified the Trustees will seek advice as to any necessary changes in strategy. However, payment of the contributions due under the current Schedule of Contributions is guaranteed, by TE Group SA ("TEGSA"), until 31 October 2029.

4.2 ***Risk that the funding level of the Plan falls as a result of lower than expected investment returns on the assets held***

The Trustees will ensure that the assets are diversified across asset classes, taking into account their correlations, to reduce the risk of this occurring.

4.3 ***Risk that the investment managers appointed under-perform their benchmark***

The Trustees monitor the risk that managers will underperform by assessing their performance on a quarterly basis and reviewing them when considered necessary.

4.4 ***Risk that the Trustees receive and accept inappropriate advice from their appointed advisers***

The Trustees also review their other advisers on a regular basis and satisfy themselves that those advisers are appropriately qualified and have adequate Professional Indemnity insurance.

4.5 ***Risk that the funding level of the Plan may change because of a fall in interest rates and/or an increase in inflationary expectations***

The Trustees will invest a proportion of the assets in a leveraged Liability-driven investment ("LDI") vehicle to hedge an agreed proportion of this risk as closely as practicable.

4.6 ***Risk that an individual investment, constituting a large part of the Plan's assets, fails***

As noted above, a certain proportion of the assets will be held in a leveraged LDI vehicle. The Trustees will consider the counterparty risk, and how it is mitigated, when selecting a provider of such arrangements. Apart from that proportion, and from any assets held as Cash or Gilts, the Trustees will ensure that the assets are held in diversified pooled funds such that only a small proportion of the assets are exposed to any one investment.

4.7 ***Risk that members live, and receive their pension, for longer than anticipated***

The Trustees will monitor the cost of purchasing annuities and, when it appears to them to be financially viable, may secure a proportion of the liabilities by such purchase, thus removing the longevity risk in respect of that portion of the liabilities. However, the Trustees are aware that it may not be efficient to purchase annuities until the Plan is in a position to secure all members' benefits with an insurer.

4.8 ***Risk that the Trustees are forced to sell assets at depressed prices to meet benefit payments or collateral calls***

The Trustees will consider the benefit outgo against the level of Employer contributions and may decide to hold Cash in order to meet any shortfall in the short-to-medium term. Further, the Trustees will, after taking advice from the Strategic Investment Consultant, consider an appropriate additional level of Cash to hold to meet unforeseen cashflows, such as collateral calls or transfer values, again to avoid having to sell assets at an inopportune time.

4.9 ***Risk that the Trustees make inappropriate decisions***

The Trustees take advice from their Scheme Actuary and pension and Strategic Investment Consultant, as appropriate, before making decisions. The Trustees also undergo regular training relevant to their decision-making. All decisions are reviewed periodically to ensure that remain appropriate.

5 THE TRUSTEES' POLICIES

The Trustees' policies are set out below. The current arrangements entered into by the Trustees are set out in their Implementation Arrangement Policy.

5.1 *Policy for Meeting the Funding Objective*

The Trustees will review the Plan's funding (self-sufficiency and Statutory Funding) progress by means of triennial actuarial valuations and interim annual reports. Following, or in conjunction with, such a review they will take investment advice on whether the investment policy remains appropriate for maintaining the funding level given the increasing maturity of the Plan's membership. An estimate of the daily movement in the funding positions is considered at Trustee meetings.

5.2 *Policy on Setting Strategy and Asset Allocation*

The investment strategy is the asset allocation that the Trustees believe is the most appropriate for the Plan in the medium to long term, taking into account their investment objective(s), the nature of the liabilities they expect to have to meet, the maturity of the Plan's liabilities, the strength of the sponsor covenant, including any guarantees offered, and other relevant matters set out in this document.

The Trustees will usually review the investment strategy in conjunction with or after every actuarial valuation, taking advice from their Strategic Investment Consultant and their Scheme Actuary, but reviews may be performed at other times where deemed necessary.

The basis of the Trustees' strategy is to divide the Plan's assets between a "growth" portfolio, comprising assets such as equities, and a "hedging" portfolio, comprising assets whose values respond to changes in nominal and real interest rates in a similar manner to the Plan's liabilities. Additionally, to address disinvestment and liquidity risk, the Trustees will consider the appropriate level of assets to allocate to Cash (to be used to meet short-term benefit outgo) and to hold to meet uncertain Cash demands (such as potential collateral calls from the LDI funds).

The current investment strategy was formulated during 2024, following a special contribution from the Employer and taking into account changes in the collateral requirements of the LDI arrangement.

The Trustees obtain regular reports (at least quarterly) from the Strategic Investment Consultant showing the Plan's asset allocation. The Trustees consider at least annually, after taking advice, whether it is necessary for the assets to be rebalanced.

5.3 *Policy on Types of Investment to be Held*

In respect of the growth element of the portfolio, the Trustees consider traditional and alternative asset classes. In respect of the hedging element, the Trustees take account of the liability profile of the Plan and may make use of Liability-driven Investment solutions, as well as high-quality sterling Bonds of appropriate duration.

The Trustees intend to invest in Growth assets to generate a return, over the long term, in excess of the discount rates used to determine the Plan's self-sufficiency position. They recognize that, over the short term, performance may deviate significantly from the long-term target.

5.4 ***Policy on Concentration Risk***

The Trustees have taken advice when setting investment strategy for the Plan and have decided to invest in a range of pooled funds.

The Trustees believe that the arrangements they have implemented ensure that their portfolio is sufficiently diverse that the risk of failure of any individual investment will not impact significantly on their ability to pay the benefits promised under the Trust Deed.

The Trustees will review their arrangements if they become aware of any individual security within the pooled funds exceeding 5% of the total value of the pooled fund assets, apart from that proportion held as Cash, interest-rate swaps or Gilts. For this purpose, the Trustees will not count a pooled fund as a single investment, rather they will look through to the value of the underlying assets in any pooled fund.

5.5 ***Policy on Leverage***

The Trustees may invest in arrangements that use leverage where they offer risk reduction opportunities. The Trustees intend to use such arrangements to protect the funding position of the Plan against adverse movements caused by changes in implied future nominal and real interest rates. The Plan will not use leverage to enhance investment returns directly.

5.6 ***Policy on Active and Passive Management***

The Trustees consider whether each mandate awarded should be managed passively (in which case the Investment Manager's performance target will be to match the benchmark return) or actively (in which case the target will be greater than the benchmark return). The Trustees' decisions will be based on:

- the opportunities within the asset class to generate returns in excess of the benchmark return and
- the potential ability of active investment managers to generate returns above the benchmark.

The Trustees have elected to invest in both actively-managed and (near) passively-managed funds.

5.7 ***Policy on financially material matters including social, environmental and governance considerations***

The Trustees' funding objective envisages the Plan being financially self-sufficient by 31 October 2029, at which point they expect to invest only in very low-risk instruments. The Trustees believe that, over this timescale and given that they have elected to invest predominantly in pooled funds, it is reasonable to rely on their investment managers' policies regarding social, environmental and governance considerations.

Other matters that the Trustees consider to be financially material are covered elsewhere in this section.

5.8 ***Policy on arrangements with Investment Managers***

The Trustees will seek advice on the capabilities of Investment Managers prior to any mandate being awarded. As the Trustees use pooled funds, they consider also whether the fund under consideration is consistent with their policies.

The Trustees will consider the effect of the appointment of any single Investment Manager on the likely volatility of returns on the Plan's assets as a whole before making that appointment.

The Trustees will not enter into any agreement with an Investment Manager prior to receiving advice from their Fund Investment Consultant on the proposed form of agreement.

Where the Trustees elect to use a pooled fund where the manager has some freedom over the asset allocation and/or stock holdings, the Trustees monitor the performance of the fund against its target, taking into account the market environment. Where the Trustees have performance concerns, they will investigate the reasons for such underperformance, which may consider portfolio turnover and costs. The Trustees do not monitor such information on a regular basis.

The Investment Managers provide the Trustees with regular valuations of assets and unit summaries.

The Trustees obtain reports from their Investment Managers and/or the Strategic Investment Consultant on the performance of the funds and their asset allocation, supplemented by commentary from the Strategic Investment Consultant.

The Trustees will review on a regular basis (at least quarterly) the investment performance of the Plan's assets together with the continuing suitability of the Investment Managers. However, the Trustees remain aware that the majority of the assets are managed for the longer term and will not remove a manager as a result of a short period of poor performance. Because they invest in pooled funds, the Trustees are not in a position to adopt a remuneration policy that incentivizes Managers to invest in any particular fashion.

Arrangements with Investment Managers are intended to continue, subject to satisfactory performance, until the relevant mandate is no longer part of the Trustees' strategy. In this context, satisfactory performance relates not just to quarterly asset returns but to other aspects, such as risk and portfolio turnover, being in line with the fund's objectives as described by the Manager to the Trustees.

5.9 ***Policy on Stock Selection***

The Trustees are not authorised under FSMA to manage pension plan assets. The Trustees delegate all stock selection decisions in the pooled funds to their appointed Investment Managers and monitor the Investment Managers' activity in conjunction with their advisers.

The Trustees have obtained confirmation from the Investment Managers of their policy towards the use of derivatives and on whether the Managers engage in stock-lending and underwriting. The Trustees will monitor those Managers using them to ensure that no unacceptable additional risk is being added to the funds.

5.10 ***Policy on the exercise of the rights attaching to the investments***

The Trustees invest in pooled funds and have no voting rights in relation to the underlying assets purchased by the Investment Managers.

The Trustees are notified on a regular basis of the policies followed by the Investment Managers. The Trustees obtain from the Investment Managers, on an annual basis, details of changes to the corporate governance policies and review these. If any new policy is not acceptable to the Trustees they will take advice and may decide to replace the manager.

The Trustees also obtain and review details of the managers' voting records (where relevant) on an annual basis, to ensure that managers are exercising their voting rights.

5.11 ***Policy on engagement activities***

As the Trustees invest in pooled funds, they are not the legal owners of the individual stocks and shares held by those funds. Therefore, they are not in a position to engage with the boards of the investee companies. The Trustees are happy for their investment managers to so engage on such basis as they deem appropriate.

5.12 ***Policy on Taking Investment Decisions***

The Trustees take into account the complexity of their investment arrangements in setting their processes for decision making. Where the Trustees believe that they can achieve sufficient understanding in order to make well-informed decisions about investment matters they will not delegate the decision. If any decision the Trustees are called on to make requires additional training, the Trustees will obtain such training from the Strategic Investment Consultant, Investment Managers or other adviser as appropriate.

The Trustees will take investment decisions at Trustees' meetings, after having received advice from the appropriate adviser. The Trustees will, usually, hold an extraordinary Trustees' meeting should a material investment decision be required in advance of the next ordinary meeting.

5.13 ***Policy on Defined Contribution Investments (AVCs)***

Payment of Additional Voluntary Contributions ceased under the Plan with effect from 30 November 2002. The Trustees have decided that members' AVC funds will remain invested with the incumbent providers. Members may transfer these to alternative arrangements at their option.

5.14 ***Policy on Dissemination of Investment Information***

The Trustees will review this SIP at least triennially, having taken advice from their Strategic Investment Consultant and consulted the Principal Employer. The Trustees have informed members that the SIP is available online. together with the Implementation Statement. Other information relating to the investment of the Plan's assets is shared with members in the Trustees' annual newsletter.

5.15 ***Policy in the event of Contribution Default by the Principal Employer***

The Trustees and the Principal Employer have agreed a Schedule of Contributions, as required under the 2004 Act. If the Principal Employer fails to make contributions in accordance with the Schedule the Trustees will seek clarification of the reasons for the default. If in the Trustees' opinion contributions are unlikely to continue to be received in accordance with the Schedule they will seek payment from TEGSA under the terms of the guarantee referred to in paragraph 4.1.

5.16 ***Policy in the event of Employer Insolvency***

Should the Principal Employer become insolvent the Trustees will immediately review their investment strategy, taking advice from the Strategic Investment Consultant and the Scheme Actuary.

5.17 ***Policy on Realisation of Investments***

The Trustees' policy is to hold an appropriate level of Cash to meet (or assist in meeting) unforeseen cashflows, such as collateral calls or transfer values. This is to avoid, or reduce the impact of, having to sell assets at an inopportune time.

5.18 ***Policy on expected investment returns***

The Trustees will take advice from the Strategic Investment Consultant on the expected returns on the investments held. For UK Government Bonds, the expected return is the yield applicable at the date of purchase, less the fees charged by the pooled Bond fund. For Multi-asset funds, the expected return will depend upon the performance objective of the particular fund but is expected to be higher than the return on UK Government Bonds over the long term, although this comes with greater risk. The return on Equity funds is also expected to be higher than the return on UK Government Bonds over the long term but, again, this comes with greater risk.

5.19 ***Policy on recording asset allocation decisions***

The Trustees will record the agreed asset allocation in a Statement of Investment Decisions ("SID").