

The TRF 1996 Pension Scheme

Statement of Investment Principles

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1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustee of The TRF 1996 Pension Scheme (“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.
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. The Principal Employers of the Scheme, TRL Limited, have entered administration and the Scheme therefore entered an assessment period for the Pension Protection Fund (the “PPF”) on 28 February 2025. 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.
- 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.
- 1.5. The investment powers of the Trustee are set out in specific clauses in the Definitive Trust Deed and Rules, which is amended as appropriate. This statement is consistent with those powers.

2. Choosing investments

- 2.1. The Trustee’s policy is to set the overall investment target and, in doing so, the Trustee has taken into account the fact that the PPF may assume responsibility for the Scheme or that the Trustee may aim to secure benefits with an insurance company or capital-backed consolidator. The Trustee will 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 Scheme’s assets is delegated to one or more investment managers. The Scheme’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 Scheme’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.

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 ensure that the Scheme can meet the members' entitlements as they fall due, where these entitlements allow for the Scheme's position of being in a PPF assessment period;
 - to reduce the risk of the funding level (relative to the expected outcome of the PPF Assessment period) falling materially as a result of market movements;
 - to invest in assets of appropriate liquidity to meet the cost of benefits which the Scheme provides;
 - to minimise the running costs of the Scheme as appropriate;
 - to take account of the long-term risks, including those relating to non-financial factors, when making investment decisions.
- 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 Scheme's liabilities. The Trustee has obtained exposure to investments that they expect will meet the Scheme's objectives as best as possible.

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 and alternatives.
- 4.2. The Trustee considers any guidance set out by the PPF when choosing the Scheme's investments during the PPF assessment period, as well as the possibility of securing benefits with an insurer or capital-backed consolidator.

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 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 Scheme 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 Scheme's asset allocation may be expected to change as the Scheme's liability profile matures.

6. Risks

6.1. 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	The Trustee will monitor and review the investment strategy with respect to the liabilities, in conjunction with each actuarial valuation and as otherwise appropriate. During the PPF assessment period, the investment strategy will be set with consideration to the appropriate level of risk, having considered potential outcomes to the assessment period and consulted with the PPF.
Covenant risk	The Scheme is in a PPF Assessment Period as the sponsoring employer has experienced an insolvency event. The Trustee considers this, expected recoveries and potential outcomes from the PPF Assessment Period in reviewing and monitoring the Scheme's investment arrangements.
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 investment manager having regard to the nature of the mandate and the Scheme's circumstances. The Trustee has a written agreement with each investment manager, which contains a number of restrictions on how they may operate.
Governance risk	Asset managers are expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustee monitors these, having regard to the nature of the mandate and the Scheme's circumstances, and will report on the managers' practices, where appropriate, in their annual Implementation Statement.
Environmental, Social and Governance (ESG) related risks, including climate risk	The Trustee considers ESG-related risks, including climate risk, as potentially financially material. The Trustee will continue to develop its investment policies to consider these, alongside the Scheme's circumstances and other factors, when selecting or reviewing the Scheme's investments in order to reduce the risk of loss.
Concentration risk	Investment managers 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 such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cashflow requirements. The Scheme'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 Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
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).

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 advisers 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 Scheme's circumstances.

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 Scheme'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 Scheme 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 will consider the investment manager's approach to the management of ESG and climate related risks with the Scheme's investment consultant, and how their policies are aligned with the Trustee's own investment beliefs and the Scheme's circumstances.
- 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 their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.

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

- 10.3. 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 their investment management arrangements.
- 10.4. The Trustee expects their investment manager to engage in good sustainability practices, but recognises that the scope to vote and engage on behalf of the Scheme is influenced by the specific holdings. The Trustee monitors the engagement activity within the Implementation Statement in the Scheme'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

- 10.5. 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.
- 10.6. The Scheme invests exclusively in pooled funds. The investment manager is 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. When investing in pooled investment vehicles, the Trustee is aware that the mandate may not fulfil all of the Trustee's particular requirements.
- 10.7. 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.
- 10.8. The Trustee asks the Scheme'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

- 10.9. The Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments.
- 10.10. 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 manager 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

- 10.11. For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.
- 10.12. The suitability of the Scheme'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 investment managers, the Scheme Actuary and the Scheme auditor upon request.

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

1. The balance between different kinds of investment

The Scheme’s assets are invested in a combination of gilts and index-linked gilts. The allocation shown below is the split between gilts and index-linked gilts at the point that the Trustee implemented the investment strategy.

Asset Class	Allocation (%)
UK Gilts	75%
UK Index-Linked Gilts	25%

Rebalancing

The Trustee recognises that the asset allocation of investments in different asset classes will vary over time as a result of market movements. The portfolio is designed to provide a degree of hedging of the funding level against movements in interest rates and inflation, in a cost-effective way.

This therefore assumes that movements in the allocations are broadly reflective of movements in the underlying liabilities, as such the Trustee does not expect to rebalance the portfolio unless there is a significant change to the structure of the liabilities.

2. Choosing investments

The Trustee has appointed Legal & General Investment Management (“L&G”) to carry out the day-to-day investment of the Scheme. L&G are authorised and regulated by the Financial Conduct Authority.

The investment benchmarks and objectives for the investment manager are listed below:

Investment Manger	Fund	Benchmark	Objective
L&G	All Stocks Gilts Index	FTSE Actuaries UK Conventional Gilts All Stocks Index	To track the performance of the FTSE Actuaries UK Conventional Gilts All Stocks Index to within +/-0.25% p.a. for two years out of three
	All Stocks Index-Linked Gilts Index	FTSE Actuaries UK Index-Linked Gilts All Stocks Index	To track the performance of the FTSE Actuaries UK Index Linked Gilts All Stocks Index to within +/-0.25% p.a. for two years out of three

The performance of the investment manager will be monitored as frequently as the Trustee considers appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

Additional Voluntary Contributions (AVCs)

The Trustee also has AVC contracts with The Prudential Assurance Company Limited and Zurich Assurance Limited for the receipt of members' Additional Voluntary Contributions (AVCs).

3. Investments and disinvestments

Investments or disinvestments for cashflow management purposes are made as per the prevailing asset allocation at the time.

From time to time, circumstances may require the Trustee to depart from the approach set out above. Where appropriate the Trustee will take appropriate advice at such times.

4. Use of investment platform

The funds used are all accessed through L&G's Investment-only Platform.

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) may be financially material for the Scheme over its remaining expected lifetime.

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

2. Non-financially material considerations

The Trustee does not take into account the views of Scheme 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 Scheme (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 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 Scheme'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 their investment consultant, monitor and review the information provided by the investment managers. Where possible and appropriate, the Trustee will engage with their 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.

The Trustee recognises that the scope for voting and engagement is dependent on the assets held by the Scheme.

4. Engagement activities

The Trustee acknowledges the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their investment managers, they provide their investment managers with a benchmark they expect the investment managers 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 their 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 Scheme or as part of the pooled fund in which the Scheme 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 Scheme.

Should an investment manager be failing in these respects, this should be captured through performance monitoring.

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 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 investment managers' annual management charges are determined as a percentage of assets under management within each pooled fund.

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.

The Trustee has appointed Barnett Waddingham LLP to advise on investment matters. Barnett Waddingham are normally remunerated on a time-cost basis, although fixed fees may be agreed for specific tasks.