

Statement of Investment Principles

For the Trustee of the Peel Ports Final Salary Pension Scheme

Effective from: November 2025



1. Introduction

This Statement of Investment Principles (“SIP”) has been produced by the Trustee of the Peel Ports Final Salary Pension Scheme.

It sets out our policies on various matters governing investment decisions for the Peel Ports Final Salary Pension Scheme (“the Scheme”), which is a Defined Benefit (“DB”) Scheme. This SIP also covers the Additional Voluntary Contribution arrangements (“AVCs”).

This SIP replaces the previous SIP dated June 2025.

This SIP has been prepared after obtaining and considering written advice from LCP, our investment adviser, whom we believe to be suitably qualified and experienced to provide such advice. The advice considered the suitability of investments including the need for diversification given the circumstances of the Scheme and the principles contained in this SIP.

We have consulted with the relevant employer in producing this SIP.

We will review this SIP from time to time and will amend it as appropriate. Reviews will take place without delay after any significant change in investment policy and at least once every three years.

This SIP contains the information required by legislation, and also considers the Pension Regulator’s guidance on investments.

2. Investment objectives for the DB Sections

The primary objective of the Scheme is to ensure that the benefit payments are met as they fall due. This has been broadly achieved with the full Scheme buy-in with Pension Insurance Corporation plc.

Our investment objective for the AVCs is to make available a suitable range of investment options to meet members’ risk / return objectives.

3. Investment strategy

The majority of the Plan’s DB assets are invested in a buy-in policy with Pension Insurance Corporation plc which broadly cover all of the Plan’s liabilities (alongside some smaller buy-in policies) and benefit payments as they fall due.

Any residual assets can be invested in such a way to preserve the funding position and to help meet any residual liabilities and expenses.

4. Considerations in setting the investment arrangements

Our key investment beliefs (noting the importance of the beliefs is significantly reduced following the full Scheme buy-in), which influence the setting of the investment arrangements, are as follows:

- asset allocation is the primary driver of long-term returns
- costs may have a significant impact on long-term performance and therefore obtaining value for money from the investments is important
- investment managers who can consistently spot and profitably exploit market opportunities are difficult to find, and therefore passive management is usually better value
- risk-taking is necessary to achieve return, but not all risks are rewarded. Equity, credit, and illiquidity are the primary rewarded risks. Risks that do not have an expected reward should generally be avoided, hedged, or diversified
- ESG factors should be considered when making investment decisions, and managers may be able to improve risk-adjusted returns by doing this
- climate change is a financially material systemic issue that presents risks and opportunities for the Scheme over the short, medium and long term.

In determining the investment arrangements for the AVCs it is our policy to consider:

- the overall best interests of members and beneficiaries
- the profile of the membership and what this is likely to mean for the choices members might make upon reaching retirement
- the need for appropriate diversification to manage investment risk within the **default option** made available to DC members, and ensure that both the overall level of investment risk and the balance of individual asset risks are appropriate
- the need for appropriate diversification between and, where appropriate, within the investment options offered to members.

We also consider any other factors which we believe to be financially material over the applicable time horizons to the funding of the DB, and AVC benefits, including environmental, social and governance (“ESG”) factors and the risks and opportunities relating to climate change.

5. Implementation of the investment arrangements

Before investing in any manner, we obtain and consider proper written advice from our investment adviser as to whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

We have signed agreements with the investment providers, setting out the terms on which the portfolios are to be managed. The investment providers’ primary role is the day-to-day investment management of the Scheme’s investments.

We and the investment providers to whom discretion has been delegated exercise their powers in giving effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

Details of the investment managers are set out in the separate SIP addendum.

We have limited influence over managers’ investment practices because all the Scheme’s assets are held in pooled funds, but we encourage our managers to improve their practices within the parameters of the fund or mandate they are managing.

We have limited influence over the buy-in providers investment strategy. Their investment strategy is driven by the insurance regime they operate under.

Our view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high

quality service that meets the stated objectives, guidelines, and restrictions of their fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement, and portfolio turnover.

It is our responsibility to ensure that the managers’ investment approaches are consistent with our policies before any new appointment, and to monitor and to consider terminating any arrangements that appear to be investing contrary to those policies. We expect investment managers to make decisions based on assessments of the longer-term performance of debt/equity issuers, and to engage with issuers to improve their performance (or where this is not appropriate to explain why). We assess this when selecting and monitoring managers.

We evaluate investment manager performance over both shorter and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund’s terms, the duration of a manager’s appointment will depend on strategic considerations and the outlook for future performance. If a manager is not meeting its performance objectives, we will consider alternative arrangements.

Our policy is to evaluate each of our investment managers by considering performance, the role it plays in helping to meet our overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager’s remuneration, and the value for money it provides, is assessed in light of these considerations.

We recognise that portfolio turnover and associated transaction costs are a necessary part of investment management. Since the impact of these costs is reflected in performance figures used in our assessment of the investment managers, we do not explicitly monitor portfolio turnover. We expect our investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme’s investment mandates.

6. Realisation of investments

When appropriate, the Trustee, on the administrators’ recommendation, determines the amount of cash required to meet obligations of the Scheme to its beneficiaries and other outgoings and informs the investment managers of any

liquidity requirements. The Trustee holds buy-in policies which pay the DB section's benefit cash flows.

7. Financially material considerations and non-financial matters

We consider how environmental, social, governance ("ESG") considerations (including but not limited to climate change) should be addressed in the selection, retention, and realisation of investments, given the time horizon of the Scheme and its members.

We expect our providers to take account of financially material considerations (including climate change and other ESG considerations). We seek to appoint providers that have appropriate skills and processes to do this, and from time to time review how our providers are taking account of these issues in practice.

We have limited influence over providers' investment practices where assets are held in pooled funds or buy-in policies, but we encourage them to improve their practices where appropriate.

We do not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

8. Voting and engagement

We recognise our responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

We have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors.

We do not monitor or engage directly with issuers or other holders of debt or equity, but we do engage with current and prospective investment managers on matters including ESG and stewardship. We expect the investment managers to exercise ownership rights and undertake monitoring and engagement in line with their policies on stewardship, considering the long-term financial interests of the beneficiaries. We expect the managers to communicate their policies on stewardship to us from time to time, and provide us with reporting on the results of their engagement and voting activities regularly and at least once a year.

We seek to appoint managers that have strong stewardship policies and processes, reflecting the principles of the UK Stewardship Code 2020 issued by the Financial Reporting Council, and from time to time we review how these are implemented in practice.