

CAPE PENSION TRUSTEES LIMITED
ACTING AS TRUSTEE FOR THE
CAPE PLC STAFF PENSION & LIFE ASSURANCE SCHEME
STATEMENT OF INVESTMENT PRINCIPLES – November 2025

INTRODUCTION		Pensions Act reference
Purpose of Statement	This Statement sets out the principles governing decisions about the investment of the assets of the Cape plc Staff Pension & Life Assurance Scheme (the “Scheme”). This Statement is issued by the Trustee to comply with Section 35 of the Pensions Act 1995.	35(1)
Advice	The Trustee has obtained and considered written advice on the content of this Statement from Isio Group (“Isio”). Isio has confirmed to the Trustee that they have the appropriate knowledge and experience to give the advice required by the Pensions Act.	35(5)(a)
Consultation	The Trustee has consulted the Employer, Cape Intermediate Holdings plc, on the content of this Statement.	35(5)(b)
Investment powers	The investment powers of the Trustee are set out in the Trust Deed and Rules. This Statement is consistent with those powers. Neither this Statement, nor the Trust Deed and Rules restrict the Trustee’s investment powers by requiring the consent of the Employer.	34(1) & 35(4)
Investment decision-making	All investment decisions are taken by the Trustee board as a whole. The Trustee believes that collective responsibility is appropriate, given the size of the board, except for specific projects when a sub-committee may be set up. The Trustee is professionally advised by Isio regarding investment decision making. The Trustee will examine regularly whether additional investment training is desirable for any individual trustee in the form of but not limited to; presentations from investment professionals, ‘on the job’ training and third party investment training.	

CHOOSING INVESTMENTS

The majority of the policies within this section are no longer relevant given the two buy-in policies, which cover the entire Scheme.

Process for choosing investments

The Trustee relies on professional investment managers for the day-to-day management of all the Scheme's assets.

Investments controlled by the Trustee

The Trustee's policy is to review the investments over which they retain control and to obtain written advice about them periodically. When deciding whether or not to make any new investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the investment managers. 36(3) 36(4) 36(7)

The written advice will consider the suitability of the investments, the need for diversification and the principles contained in this Statement. The adviser will have the knowledge and experience required under Section 36(6) of the Pensions Act. 36(2) 36(5) 36(6)

Investment policy

In November 2025, the Trustee purchased a second Scheme buy-in policy with Legal & General Assurance Society Limited, the Legal & General ("L&G") entity which writes bulk annuity business. The policies provide coverage for the entire Scheme.

Asset Allocation Strategy

The following sets out the asset allocation details following the purchase of a second Scheme buy-in policy in November 2025.

Asset Class	Target allocation (%)
Buy-in policies	100

Post the second buy-in transaction, a small amount of residual cash is being retained within the Trustee bank account to meet ongoing Scheme cash requirements.

LDI collateral framework

The Trustee has a stated collateral management framework. The Trustee has agreed a process for meeting collateral calls should these be made

by the Scheme's LDI manager. The Trustee will review and stress test this framework on a regular basis.

**Benchmarks/
performance
objectives/ fees**

A summary of the Scheme's investment managers, benchmarks, performance objectives, fees and investment style are set out in Appendix A.

Where applicable, the managers are responsible for the selection of individual stocks within each category of investment.

The Trustee has signed agreements with the managers and the managers are regulated by the Financial Conduct Authority ("FCA"). The assets of the Scheme, together with the assets of other pension schemes, are invested collectively.

**Delegation to
investment
managers**

The managers will exercise investment powers with a view to giving effect to the principles contained in this Statement, so far as reasonably practicable. In particular, the investment managers must have regard to the suitability and diversification of the investments made on behalf of the Scheme.

36(2)
36(5)

Standard Life, Utmost Life and Prudential are the appointed managers for members' Additional Voluntary Contributions ("AVCs").

Sub delegation

The investment managers' duties may only be delegated to a third party investment manager with the prior permission of the Trustee. Discretion may only be delegated to an investment manager to whom Section 34(3) of the Pensions Act 1995 applies. The third party investment manager should exercise discretion with a view to giving effect to the principles contained in this Statement so far as reasonably practicable.

**Environmental,
Social, Corporate
Governance factors
and the
exercise of rights**

The Trustee Board's investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues.

The Trustee receive information from their investment advisers on the investment managers' approaches to engagement. Circumstances for additional monitoring and engagement include:

- The manager has not acted in accordance with their policies and frameworks.
- The manager's policies are not in line with the Trustee' policies in this area.

Performance objectives

The performance objectives have been set as described in Appendix A.

35(3)(d)

Expected return

The Scheme's investment strategy was derived following careful consideration of the factors set out in Appendix B. The considerations include the nature and duration of the Scheme's liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of employer contributions required to fund the Scheme, and also the strength of the sponsoring company's covenant.

The Trustee recognise that the investment strategy is subject to risks, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and liabilities. This risk is managed by investing in a suitably diversified portfolio of assets which are contractual in nature and expected to reduce the overall risk of the portfolio as well as minimising (as far as possible) the volatility of the funding level over the long term.

New investments

Within the categories of investment permitted by the Trustee the investment managers can purchase any new investments, as long as they do not breach the provisions of the investment management agreements and / or pooled fund guidelines.

35(3)(a)
36(2)(b)

Realisation of investments

The assets are invested in funds that deal on a regular basis. When investments/disinvestments are required, monies will be used to rebalance the portfolio.

35(3)(e)
36(2)(b)

**DIVERSIFICATION
AND RISK
CONTROLS**

The majority of the policies within this section are no longer relevant given the two buy-in policies, which cover the entire Scheme. The following measures have been implemented to reduce the risks associated with making investments.

Number of managers	The Trustee has delegated the management of the assets to specialist investment managers after a careful selection process.	
Risk versus the liabilities	The Trustee's policy is to invest the assets (excluding the Legal and General insurance policies) with reference to the liability profile of the non-insured liabilities.	35(3) (a)(b)(c)
Range of assets	In addition to the long-term target allocation set out, there is also a tolerance range to allow flexibility with movement in asset values from time to time and to take medium-term investment decisions as opportunities and/or threats arise. The Trustee may suspend the benchmark from time to time.	35(3)
Investment manager restrictions	The governing documents for the funds impose broad restrictions on the type and range of assets held and the level of exposure to each. Internal restrictions are imposed on the managers of the pooled funds. These controls are framed so as to reflect the house investment style and approach, and may be varied from time-to-time.	35(3)(c)
Employer related investment	The Trustee does not directly hold any employer related investments, as defined by section 40 of the Pensions Act except where the Scheme invests in pooled vehicles that may hold employer-related investments, in which case the total exposure to employer-related investments will not exceed 5% of the Scheme's value.	40
Manager controls	The Trustee take fund managers' policies in the above respects into account when selecting and monitoring managers. The fund managers are expected to exercise their powers of investment with a view to giving	34(4)(a)(b)

effect to the principles contained within this statement, so far as reasonably practicable.

COMPLIANCE

The majority of the policies within this section are no longer relevant given the two buy-in policies, which cover the entire Scheme.

Frequency of review

The Trustee will review this Statement every three years or sooner if there is a change in the policy on any of the areas covered by the Statement. The Trustee will consult with the Employer and take written advice when revising this Statement.

35(1) &
35(5)

Professional advice

The Trustee employs Isio to help review the investment strategy.

Review of investment manager

At least annually, the Trustee will consider whether or not the investment managers:

34(4)

- have the appropriate knowledge and experience
- are managing the assets competently
- have had regard to the need for diversification of investments
- have had regard to the suitability of each investment/each category of investment
- have been exercising the powers of investment with a view to giving effect to the principles contained in this Statement, so far as is reasonably practicable.

If an investment manager is not able to satisfy the Trustee about these issues, the Trustee will replace the manager.

The investment managers will inform the Trustee immediately of:

- any serious breach of internal operating procedures
- any material change in the knowledge and experience of those involved in managing the Scheme's investments.

Information from investment manager	<p>The investment managers will supply the Trustee with sufficient information each quarter to facilitate the review of activity, including:</p> <ul style="list-style-type: none"> • a report of the strategy followed during the quarter • the rationale behind past and future strategy • a report on the movement and valuation of unit holdings <p>In order to allow the Trustee to carry out their annual review of the investment managers, the investment managers will supply the Trustee with</p> <ul style="list-style-type: none"> • evidence of the investment managers' knowledge and experience for managing the investments of the Scheme • details of the approach to making decisions about the suitability and diversification of the investments • details of operating procedures used by the investment manager and controls over the individuals making investments for the Scheme 	34(4)
Performance measurement information	<p>Each quarter the Trustee monitors the performance of the investment managers against the objectives set. Performance reports are received from the investment managers.</p>	
Performance, Strategy and Risk	<p>The Trustee receive a quarterly performance report which details information on the underlying investments' performance, strategy and overall risks, which are considered at the relevant Trustee meeting. Circumstances for additional monitoring and engagement include:</p> <ul style="list-style-type: none"> • There are significant changes made to the investment strategy. • The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Trustee's expectations. • Underperformance vs the performance objective over the period that this objective applies. 	
Fee arrangements	<p>The managers are remunerated by fees as indicated. Full details are included in the Investment Management Agreements held with the managers. The investment adviser is remunerated by fees as pre-agreed for work pieces or according to time spend. Full details are included in the Client Agreement.</p>	

Signed:Trustee

For: Cape Pension Trustees Limited

Date: _____

Distribution: Trustees, Cape Intermediate Holdings plc, Investment Managers, Consultants, Scheme

Actuary

Signed:Trustee

For: Cape Pension Trustees Limited

Date: _____

Distribution: Trustees, Cape Intermediate Holdings plc, Investment Managers, Consultants, Scheme

Actuary

Appendix A - Investment Management Arrangements

The following describes the details of the mandates of each asset class.

The assets of the Scheme are now invested in two buy-in policies which provide coverage for the entire Scheme.

Appendix B – Risks, Financially Material Considerations and Non-Financial matters

A non-exhaustive list of risks and financially material considerations that the Trustee has considered and sought to manage is shown below.

The Trustee adopt an integrated risk management approach. The three key risks associated with this framework and their management are stated below:

Risks	Definition	Policy
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	<ul style="list-style-type: none"> Scheme buy-in policies remove this risk.
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	<ul style="list-style-type: none"> Scheme buy-in policies remove this risk.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	<ul style="list-style-type: none"> The Scheme can now rely on the insurer covenant and wider protections in place within the UK insurance regulatory regime. However, the Employer covenant is still relevant over the period until and Scheme buy-out and wind-up.

The Scheme is exposed to a number of underlying risks relating to the Scheme's investment strategy, these are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	Scheme buy-in policies remove this risk.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	Scheme buy-in policies remove this risk.
Market	Losses due to factors that affect the performance of financial markets.	Scheme buy-in policies remove this risk.
Credit	Default on payments due as part of a financial security contract.	Scheme buy-in policies remove this risk.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	Given the nature of the buy-in policies, it is not possible to actively monitor any ESG criteria. However, the buy-in provider's approach to ESG was reviewed as part of the insurer due diligence process.
Currency	The potential for adverse currency movements to have	Scheme buy-in policies remove this risk.

	an impact on the Scheme's investments.	
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.

Appendix C – Investment Management Arrangements

This section is no longer applicable given the two buy-in policies, which cover the entire Scheme. The Trustee has the following policies in relation to the investment management arrangements for the Scheme:

<p>How the investment managers are incentivised to align their investment strategy and decisions with the Trustee policies.</p>	<ul style="list-style-type: none"> As the Scheme is invested in pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustee’s policies. However, the Trustee invests in a portfolio of pooled funds that are aligned to the strategic objective.
<p>How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.</p>	<ul style="list-style-type: none"> The Trustee reviews the investment managers’ performance relative to medium and long-term objectives as documented in the investment management agreements. The Trustee monitors the investment managers’ engagement and voting activity on an annual basis as part of their ESG process. The Trustee does not incentivise the investment managers to make decisions based on non-financial performance.
<p>How the method (and time horizon) of the evaluation of investment managers’ performance and the remuneration for their services are in line with the Trustee policies.</p>	<ul style="list-style-type: none"> The Trustee reviews the performance of all of the Scheme’s investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. The Trustee evaluates performance over the investment manager’s performance period, which is typically 3 to 5 years.
<p>The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor portfolio turnover or turnover range.</p>	<ul style="list-style-type: none"> The Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.
<p>The duration of the Scheme’s arrangements with the investment managers</p>	<ul style="list-style-type: none"> The duration of the arrangements is considered in the context of the type of fund the Scheme invests in. <ul style="list-style-type: none"> For open ended funds, the duration is flexible and the Trustee will from time-to-time consider how appropriate these investments are and if they should continue to be held.
<p>Voting Policy - How the Trustee expects investment managers to vote on its behalf</p>	<ul style="list-style-type: none"> The Trustee has acknowledged responsibility for the voting policies that are implemented by the Scheme’s investment managers on their behalf.
<p>Engagement Policy - How the Trustee will engage with investment managers, direct assets and others about ‘relevant matters’</p>	<ul style="list-style-type: none"> The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Scheme’s investment managers on their behalf. The Trustee, via their investment advisers, will engage with managers about ‘relevant matters’ at least annually.