

# Urenco UK Pension Scheme

## Statement of Investment Principles – October 2025

### 1. Introduction

The Directors of Urenco UK Pension Trustee Company Limited, the Trustee of the Urenco UK Pension Scheme (the “Scheme”), have drawn up this Statement of Investment Principles (the “Statement”) to comply with the requirements of the Pensions Act 1995 (the “Act”) and subsequent legislation. In preparing the Statement the Trustee has consulted a suitably qualified person in having obtained written advice from Mercer Limited and has also consulted the Principal Company, Urenco Limited, in particular on the Trustee’s objectives.

A separate document, the Scheme’s Investment Policy Implementation Document (“IPID”), details the specifics of the Scheme’s investment arrangements and is available on request.

The Scheme provides a defined benefit arrangement - the Defined Benefit Section (the “Section”). The Scheme previously offered a Defined Contribution Section arrangement. In 2025 this was transferred to a Master Trust arrangement.

In considering the appropriate investments for the Section, the Trustee has obtained and considered advice from the Section’s Investment Consultant. The advice received and arrangements implemented are, in the Trustee’s opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended) and the Occupational Pension Schemes (Investment) Regulations 2005 as amended.

### 2. Investment Policy

#### 2.1 Investment Objective

The Trustee’s primary investment objective is to invest the Section’s assets in the best interest of the members and beneficiaries, and in the case of a potential conflict of interest between them and the Principal Company, in the sole interest of the members and beneficiaries. In doing so the Trustee pays due regard to the Principal Company’s position with respect to the size and incidence of employers’ contribution payments.

#### 2.2 Investment Strategy

The Trustee aims to achieve the Investment Objective by insuring the majority of the Section’s pension obligations via a bulk annuity policy (“buy-in”). The Trustee selected a policy with Just Group Plc (“Just”) in September 2025 which covers the Defined Benefit Section pension obligations, with the exception of those in respect of the active members.

Just will pay the pension obligations covered by the buy-in to the Scheme administrator for onward payment to members. The Scheme remains ultimately responsible for meeting pension payments.

Assets are also held to fund the liabilities in respect of the active members. The Trustee has an objective of targeting overall interest rate and inflation hedge ratios of c.100% (as measured as a % of liabilities on a gilts-flat basis). The assets are invested across a suite of Gilt, Index-Linked Gilt Funds to approximately match

movements in the value of the liabilities due to changes in interest rates and inflation expectations. In addition, assets are held in a Liquidity fund. The Trustee has appointed Insight Investment Management (“Insight”) to manage the assets relating to the active members. Further details are outlined in the IPID.

Any payments or expenses not relating to the obligations on Just will be met from cash balances and / or payments from the Principal Company.

### 2.3 Financially Material Consideration, Risk Measurement and Management

The Trustee’s policies on the factors they consider to be financially material when making decisions relating to selection, retention and realisation of the Section’s investments, over its anticipated remaining timeframe, are outlined below:

- *Asset and Liability mismatch.* The primary risk upon which the Trustee focuses is that arising through a mismatch between the Section’s assets and its liabilities. The Section faces a number of key risks in this respect, namely interest rate and inflation. However, these risks are minimised by insuring the majority of the Section’s liabilities via the buy-in. Regarding the remaining assets and liabilities in respect of active members, the Trustee seeks to manage mismatch risk by targeting overall interest rate and inflation hedge ratios of c.100%.
- *Sponsor risk.* The Trustee’s willingness to take investment risk is dependent on the continuing financial strength and support of the Principal Company. Reliance on the Principal Company has been reduced significantly following the implementation of the buy-in, as Just have assumed responsibility for meeting the majority of the Section’s pension obligations. The assets held in respect of the active members are invested in liability matching funds which significantly reduces the reliance on the Principal Company.
- *Lack of diversification risk.* The buy-in represents a concentration of risk that Just does not make the required payments. As the buy-in is governed by insurance market solvency regulations, the Trustee believes this risk is very low and has mitigated it by careful choice of provider and contract terms.
- *Risks arising from environmental, social and corporate governance (“ESG”) issues including climate change and stewardship.* The Trustee believes that these factors present threats but also opportunities over certain timeframes. Section 3 provides dedicated comments on the Trustee’s approach.
- *Active management risk.* The Trustee recognises the risk of underperformance introduced by the use of active management for the Liquidity fund. This is managed and monitored by the Trustee undertaking quarterly monitoring of the manager and the Investment Consultant providing advice. The Trustee takes a long term view of manager performance.
- *Custody risk.* The safe custody of the Section’s assets is delegated to professional custodians via the use of pooled vehicles.
- *Liquidity Risk.* The Trustee recognises that the buy-in is an illiquid investment and cannot be traded, however the Trustee is satisfied this is appropriate given the security it provides by paying members’ benefits as they fall due. The assets in the active member strategy trade daily.

The Trustee meets with their Investment Consultant periodically to discuss investment matters. At these meetings the funding level development, investment strategy and manager performance are reviewed, thereby providing an opportunity to consider the impact of risks further and whether any changes are needed to further manage those risks.

In considering the selection, retention and realisation of investments the Trustee does not take account of non-financially material considerations, including member views.

Should there be a material change in the Section's circumstances, the Trustee will review whether and to what extent the investment arrangements should be altered.

#### 2.4 Day to Day Management of the Assets

The Trustee has used the majority of the Section's assets to purchase a buy-in with Just. Just is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA. The Trustee has taken steps to satisfy itself that Just has the appropriate knowledge and experience.

The Trustee delegates the day to day management of the Section's remaining assets to Insight who is authorised by the appropriate regulators.

#### 2.5 Realisation of Assets and Cashflow Management

Regular payments to the Section in respect of the insured members and their benefit entitlements are made under the buy-in contract. These payments are available to meet the Section's cash outflows.

The Section's remaining assets are held in liquid investments that are used to meet any cashflow requirements not covered by the buy-in. The Trustee's expectation is that these will be met via disinvestments from the Liquidity fund. Insight has discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments.

### 3. Responsible Investment and Corporate Governance

The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee's stewardship priorities are based on climate change, with a specific focus on disclosure of carbon emissions, in particular the availability of scope 3 carbon emissions. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustee has implicitly delegated full discretion when evaluating ESG factors, including climate change considerations, to Just in relation to the majority of the Section's assets via a buy-in contract and to Insight in relation to the remaining assets. The buy-in makes contractual payments to the Section dependent only on the benefits payable under the contract. As a result, the Trustee has minimal direct exposure to risks arising from long-term sustainability issues, including climate

change. The Trustee is satisfied that Just apply due consideration to ESG issues in the investment of assets underlying the contract and that Insight does likewise in relation to the Gilt, Index-Linked Gilt and Liquidity funds. Given the Section has no directly held investments, the Trustee has focussed on how Insight implements their policies.

#### **4. Trustee's policies with respect to arrangements with, and evaluation of the performance and remuneration of the insurer / the investment manager and portfolio turnover costs**

##### **4.1 Aligning Insurer / Manager Appointments with Investment Strategy**

Just have been appointed with the aim of insuring the Section's non-active liabilities. The Trustee sought expert advice in relation to this appointment. This included an assessment of Just's capabilities, knowledge and experience. The buy-in is managed in line with the Section's specific liabilities and investment requirements. Therefore, the policy is aligned with the Trustee's objectives and the terms of the policy incentivises Just to meet the Trustee's objectives. The Trustee understands that it has no ability to determine or influence the assets in which Just invests. The Trustee recognises that the buy-in investment is illiquid and cannot be traded.

When engaging with Insight to implement the Trustee's investment strategy outlined in section 2, the Trustee is concerned that, as appropriate and to the extent applicable, Insight is incentivised to align their strategy and decisions with the objectives of the Section.

However, as the Section invests in multi-client pooled funds in implementing the active liability strategy, the Trustee accepts that they do not have the ability to determine the risk profile and return targets of specific Funds. The Trustee is able to make investment manager appointments in such a manner that the assets are managed consistent with the investment strategy for the Section. The appointed investment manager is incentivised by the knowledge that the Trustee will review their appointment if, over time, they do not meet expectations.

Investment managers are appointed by the Trustee based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class they are selected to manage.

If the investment objective for a particular fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the wider investment objectives.

The Trustee does not have a policy about making investment decisions based on its assessment about the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the investment managers. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term.

##### **4.2 Insurer / Manager Appointments and Performance**

For the active liabilities investment strategy, the Trustee receives, and considers, performance reports produced on a quarterly basis, which present performance information on the Funds they invest in over various time periods. The Trustee reviews the absolute performance, and relative performance against a suitable index used as the benchmark (where appropriate).

Given the nature of the investment strategy, the Trustee's focus is primarily on medium term performance but Insight's appointment may be reviewed at any time. Examples of why this may happen are:

- a) There are sustained periods of underperformance;
- b) There is a change in the portfolio manager or portfolio management team;
- c) There is a change in the underlying objectives of the investment manager;
- d) There is a significant change to the Investment Consultant's rating of the manager.

Insight is remunerated by way of a fee calculated as a percentage of assets under management.

If Insight is not meeting performance objectives, or investment objectives for mandates have changed, the Trustee may ask them to review the Annual Management Charge or, more likely, decide to switch managers.

#### 4.3 Portfolio Turnover Costs

The obligation of Just to make payments is not impacted by ongoing turnover costs and is not considered by the Trustee.

The Trustee receives, where applicable, MiFID II reporting from Insight, but does not currently analyse the information given trading costs on the assets underlying the funds are expected to be minimal.

#### 4.4 Manager Turnover

The Trustee is a long-term investor and is not looking to change investment arrangements on a frequent basis. There is therefore no set duration for Insight's appointment, and the Trustee is aware that the buy in policy is illiquid. The Trustee will retain Insight unless:

- There is a change to the overall investment strategy that no longer requires exposure to that asset class or manager;
- They are reviewed and the Trustee has decided to terminate the mandate.

### 5. Additional Assets

The Trustee is also responsible for offering and monitoring the Additional Voluntary Contributions arrangement. Assets in respect of members' Additional Voluntary Contributions are held in Unit-linked and With-Profit funds. In addition, the Section offers a Shift Pay Pension Plan investing in With-Profits. Further details are in the IPID.

**6. Compliance and Review of This Statement**

The Trustee will monitor compliance with this Statement at least annually. The Trustee will review this Statement in response to any material changes to any aspects of the Section, its liabilities, finances and the attitude to risk of the Trustee and the Principal Company which it judges to have a bearing on the stated Investment Policy. This review will occur no less frequently than every three years.