

The BRE & LPC Pension Scheme

Statement of Investment Principles (the "Statement")

Scope of Statement

This Statement has been prepared in accordance with Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005). The Statement is intended to affirm the investment principles that govern decisions about the Scheme's investments. A separate document, the Investment Policy Implementation Document ("IPID"), detailing the specifics of the Scheme's investment arrangements is available to members upon request.

The assets of the Scheme are held in trust by the Trustees whose powers of investment are set out in Rule 4 of the Trust Deed and Rules dated 15 January 2010.

The Trustees will review this Statement annually and the Scheme's investment strategy no later than three years after the effective date of this Statement; without delay after any significant change in investment policy; and whenever the Trustees deem that a review is needed for any other reason.

The effective date of this Statement is 18 December 2025.

Consultations made

The Trustees are responsible for the investment strategy of the BRE & LPC Pension Scheme (the "Scheme") and have obtained written advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement. This advice was provided by Aon Investments Limited who are authorised and regulated by the Financial Conduct Authority.

The day-to-day management of the Scheme's assets has been delegated to investment managers which are authorised and regulated by the Financial Conduct Authority. A copy of this Statement will be provided to the investment managers appointed, is available to the members of the Scheme on request and will be published on a publicly accessible website.

Objectives and policy for securing objectives

The Trustees' primary objectives for setting the investment strategy of the Scheme are set out below:

- **"liquidity objective"** – to acquire and maintain suitable assets of appropriate liquidity which will generate income and capital growth, which together with contributions from the Principal Employer meet the cost of current and future benefits which the Scheme provides, as set out in the Trust Deed and Rules as amended from time to time;
- **"funding objective"** - to limit the risk of the Scheme's assets failing to meet the liabilities over the long term, and to ensure that the Scheme has sufficient assets available to pay members' benefits as and when they arise using assumptions underlying the calculation of the Scheme's technical provisions. Where an actuarial valuation reveals a funding deficit, a recovery plan will be put in place which will seek to remove the deficit over a period determined by the financial covenant of the Principal Employer;

- **"diversification objective"** - to ensure that the Scheme's portfolio of assets are appropriately diversified, achieved via selecting investments spread across a range of asset classes and markets, so as to mitigate concentration risk, geopolitical risk, and currency risk to an appropriate extent;
- **"cost objective"** - to minimise the long term costs of the Scheme by maximising the return on assets whilst having regard to the Scheme's "funding objective";
- **"security objective"** - to ensure that the solvency position of the Scheme (as assessed on a realistic market basis) is expected to improve. The Trustees will take into account the strength of the Principal Employer's covenant when determining the required expected improvement in the solvency position of the Scheme; and
- **"stability objective"** - to have due regard to the Principal Employer's ability in meeting its contribution payments given their size and incidence, and to have due regard to the volatility of measures of funding and security.

The investment strategy chosen by the Trustees aims to maximise the likelihood of achieving these objectives. The Trustees recognise that these objectives may conflict. For example, a greater allocation to more defensive assets may give greater security, but may result in a level of contributions which the employer may find too difficult to support. The Trustees also recognise that in resolving this conflict, it is necessary to accept some risk.

Choosing investments

The types of investments held and the balance between them is deemed appropriate given the liability profile of the Scheme, its cashflow requirements, the funding level of the Scheme and strength of the Principal Employer covenant, and the Trustees' objectives. The assets of the Scheme are invested in the best interests of the members and beneficiaries.

A broad range of available asset classes has been considered. This includes consideration of so called "alternative" asset classes (such as alternative liquid diversifiers and private credit).

The Trustees exercise their powers of investment in a manner calculated to achieve the security, quality, liquidity and positive performance of the Scheme as a whole. In order to avoid an undue concentration of risk a spread of assets is held. The assets of the Scheme are invested predominantly on regulated markets (with investments not on regulated markets being kept to a prudent level) and diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the Scheme as a whole. The diversification is both within and across the major asset classes.

Day to day selection of underlying investments is delegated to investment managers appointed by the Trustees.

Assets held to cover the Scheme's liabilities are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme.

Investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

Investment strategy and asset allocation

The Trustees recognise that the key source of financial risk (in relation to meeting their objectives) arises from asset allocation. They therefore retain responsibility for setting asset allocation, and take expert advice as required from their investment consultant.

The investment strategy set out in the IPID was agreed by the Trustees and Company in Q2 2025, following a review of the strategy after the March 2025 Investment Day.

Self Investment

The Trustees have agreed that no direct investment or loans will be made to the Principal Employer (the Scheme Sponsor) or any Participating Employer.

Investment risk measurement and management

The key investment risks are recognised as arising from investment strategy, employer failure and investment managers.

Investment strategy risks

The Trustees believe the most appropriate means of measuring investment strategy risks and determining the Scheme's investment strategy is by asset and liability modelling, which is carried out in conjunction with each formal actuarial valuation of the Scheme (or more frequently should the circumstances of the Scheme change in a material way). This provides the basis of advice taken by the Trustees on the continued appropriateness of the existing investment strategy and the suitability of alternative strategies. Therefore, as a minimum the investment strategy is reviewed once every three years.

As part of each annual funding assessment, the Trustees check that the Scheme's investment strategy remains on target to achieve the Trustees' objectives within acceptable parameters. If not, then corrective action is considered. Additional funding assessments will be carried out as and when the Trustees deem appropriate.

Employer failure risks (Scheme Sponsor risk)

Risks associated with the Principal Employer's covenant are assessed in conjunction with each triennial actuarial valuation of the Scheme by obtaining detailed information from the employer and monitored through regular financial reports from the employer.

The Trustees also have an agreement with the employer to receive notification of any events which have the potential to alter the creditworthiness of the employer. In particular, the Trustees will be informed of "Type A" events, as defined in appropriate guidance issued by the Pensions Regulator and employer-related Notifiable Events. On receipt of such notification, the Trustees will re-consider the continued appropriateness of the Scheme's existing investment strategy.

Investment manager risks

The review and selection of investment managers is carried out (usually every three years), as appropriate, and is based on expert advice taken from the Trustees' investment advisors, Aon Investments Limited.

The Trustees have appointed Aon Investments Limited to alert them to any matters of material significance that might affect the ability of their appointed investment managers to achieve their performance objectives. The Trustees may also meet with their appointed investment managers to discuss any issues that may arise.

The Trustees receive, on a biannual basis, a consolidated manager investment performance report, detailing the current valuation of assets held and performance achieved by each of the managers employed over the period. It is expected that the Scheme's investment managers should achieve their investment return objectives set over the long term. It is not expected that the investment manager will meet these targets in each discrete period. However, the investment manager should demonstrate their ability to meet these targets in a way which is consistent with the level of risk adopted.

Cash flow risks

Cash flow risk arises from the need to realise assets in the short term. If realisations of investments in order to meet the benefit outgo were to be made at a time when prices are depressed this could reduce the likelihood of meeting the primary objectives. To avoid this, the Trustees and their advisors manage the Scheme's cash flow requirements carefully over the short-term.

Custody

Investment in pooled funds gives the Trustees a right to the cash value of the units rather than to the underlying assets. The investment managers of the pooled fund are responsible for the appointment and monitoring of the custodian of the pooled fund's assets.

The custodians appointed by the investment managers are independent of the employer.

Expected returns on assets

Based on Aon's capital market assumptions, the Trustees' long-term expectations are as follows:

- (i) To achieve a net return on the overall strategy of 1.3% per annum in excess of that obtained on a portfolio of gilts, as a proxy for the Scheme's liabilities.
- (ii) For the Liability Driven Investment ("LDI") portfolio to match a proportion of the movements of the Scheme's liabilities on an exposure basis.

The Trustees recognise that the value of assets held by each of the investment managers will vary with market conditions, and that it may be necessary from time to time to rebalance assets. This will be discussed with Aon Investments Limited as the Scheme's investment consultant.

Realisation of investments/liquidity

The Trustees recognise that there is a risk in holding assets that cannot be easily realised should the need arise.

The majority of the assets held are realisable at short notice via the sale of units in pooled funds, however the Scheme's holdings in the DRC Whole Loans Fund and BentallGreenOak UK Secured Lending Fund III, which are closed ended fund vehicles, are illiquid. The Trustees are comfortable with this given the small proportion of the Scheme's investments held in these vehicles.

Additional Voluntary Contributions (AVCs)

The Scheme provides a facility for members to pay AVCs into the Scheme to provide them with money purchase benefits at retirement. Members are offered a range of funds managed by Utmost Life and Pensions (Equitable Life), Scottish Widows and Standard Life. The Trustees regularly review the AVC providers, and the investment options made available to members for their AVCs to ensure they remain fit for purpose.

Environmental, Social, and Governance ("ESG") Considerations

In setting the Scheme's investment strategy, the Trustees' primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustees also recognise that the Principal Employer has a focus on sustainability matters: the Trustees have active and ongoing dialogue with the Principal Employer on the Scheme's activities in this regard, and the alignment between the Scheme's policies and the importance placed by the Principal Employer on these matters.

The Trustees consider investment risk to include ESG factors and climate change and recognise that these risks could negatively impact the Scheme's investments. The Trustees consider these risks by taking advice from Aon as the appointed investment consultant, and (where relevant and available) receive information from Aon regarding the Scheme's investment managers' consideration and, where applicable, integration of these factors. The Trustees strive to follow best practice in this area.

Stewardship – Voting and Engagement

The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Trustees recognise that ultimately this protects the financial interests of the Scheme and its beneficiaries.

As part of their delegated responsibilities, the Trustees expect the Scheme's investment managers to:

- Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- exercise the Trustees' voting rights in relation to the Scheme's assets.

The Trustees regularly review the continuing suitability of the appointed managers and take advice from the investment adviser with regard to any changes. This advice includes, where relevant and appropriate, consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

If an incumbent manager is found to be falling short of the standards the Trustees have set out in the policy, the Trustees undertake to engage with the manager, via different mediums such as emails and meetings, to seek a more sustainable position but may look to replace the manager.

The Trustees delegate all stewardship activities, including voting and engagement to its appointed investment managers. The Trustees review the stewardship activities of their investment managers on an annual basis, covering both engagement and voting actions, where applicable. The Trustees accept responsibility for how the investment managers steward assets on its behalf, including, where relevant the casting of votes in line with each manager's individual voting policies. The Trustees will review the alignment of the Trustees' policies to those of the Scheme's investment managers and seek to ensure that their managers use their influence as major institutional investors to carry out the Trustees' rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

The Trustees will engage with the investment managers (relevant persons) as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned (relevant matters).

The Trustees expect that their appointed asset managers will demonstrate transparency regarding voting, including voting actions and rationale with relevance to the Scheme, in particular, where: votes were cast against management; votes against management generally were significant, votes were abstained; voting differed from the voting policy of either the Trustees or the investment manager.

From time to time, the Trustees will consider the methods by which, and the circumstances under which, they would monitor and engage with an issuer of debt or equity, an investment manager or another holder of debt or equity, and other stakeholders. The Trustees may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

Arrangements with Investment Managers

The Trustees monitor the Scheme's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustees' policies. This includes monitoring the extent to which investment managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustees are supported in this monitoring activity by their investment consultant.

The Trustees receive reports twice per year and verbal updates from the investment consultant on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustees focus on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme objectives, and assess the asset managers over 3-year periods.

The Trustees share the policies, as set out in this Statement, with the Scheme's investment managers, and request that the investment managers review and confirm whether their approach is in alignment with the Trustees' policies.

Before appointment of a new investment manager, the Trustees review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustees' policies. Where possible, the Trustees will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Scheme invests in a collective vehicle, then the Trustees will express their expectation to the investment managers by other means (such as through a side letter, in writing, or verbally at Trustee meetings).

The Trustees believe that having appropriate governing documentation, setting clear expectations to the investment managers by other means (where necessary), and regular monitoring of investment managers' performance and investment strategy, is in most cases sufficient to incentivise the investment managers to make decisions that align with the Trustees' policies and are based on assessments of medium- and long-term financial performance.

Where investment managers are considered to make decisions that are not in line with the Trustees' policies, expectations, or the other considerations set out above, the Trustees will typically first engage with the manager but could ultimately replace the investment manager where this is deemed necessary.

There is typically no set duration for arrangements with investment managers, although the continued appointment for all investment managers will be reviewed periodically, and at least every three years. For certain closed ended vehicles, the duration may be defined by the nature of the underlying investments.

Monitoring of Investment Manager Costs

The Trustees are aware of the importance of monitoring the appointed investment managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustees recognise that in addition to annual management charges, there are other costs incurred by investment managers that can increase the overall cost incurred by their investments.

Evaluation of Performance and Remuneration

The Trustees evaluate the performance of their investment managers relative to their respective objectives on a regular basis via investment reports and updates from the investment managers. The Trustees also review the remuneration of the Scheme's investment managers on at least a triennial basis to ensure that these costs are reasonable in the context of the kind and balance of investments held.

Portfolio turnover

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers' fund holdings change over a year. The Scheme's investment adviser monitors this on behalf of the Trustees as part of the manager monitoring they provide to the Trustees and highlights to the Trustees where there are concerns.

The Trustees accept that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager's style and historic trends. Where the Trustees' monitoring identifies a lack of consistency the mandate will be reviewed.

Members' Views and Non-Financial Factors

The Trustees undertake to keep Scheme members and beneficiaries apprised of the Trustees' activities with regard to responsible investment. The Trustees communicate with members via ongoing member communications such as the annual newsletter. Where members share their views with the Trustees, these will be considered and discussed at Trustee meetings.

Effective decision making

The Trustees recognise that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that where they take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice received. The Trustees receive regular investment training from their investment consultant and also investment managers in order to make informed decisions.

Agreed and approved on 10 December 2025 by the Trustees of the BRE & LPC Pension Scheme with Company consultation on 18 December 2025