

**Statement of Investment Principles
2025**



**Jenks & Cattell Engineering
Pension Scheme**

Statement of Investment Principles 2025



1 Introduction

- 1.1 This Statement sets out the principles governing decisions concerning investments for the Jenks & Cattell Engineering Pension Scheme (the Scheme) in accordance with the requirements of the Pensions Acts 1995 & 2004, Occupational Pension Schemes (Investment) Regulations 2005 and the subsequent changes to this Act. The amended Investment Regulations now mean that it is vital that trustees of all schemes understand and include Environmental, Social and Governance (ESG) factors and stewardship approaches in their investment decision-making. A failure to do this puts trustees at significant risk of breaching their legal and regulatory duties. This document is subject to periodic review by the Trustees.
- 1.2 In finalising this Statement, the Trustees have taken advice from their appointed Investment Adviser, Broadstone Corporate Benefits Limited ("Broadstone"), who have confirmed that they have the appropriate knowledge and experience to give advice required by section 35(5)(a) of the Act.
- 1.3 It should be noted that the Investment Adviser role is very limited, which reflects the wider knowledge within the Trustee body.
- 1.4 The Trustees have consulted Jenks & Cattell as the Principal Employer under the Scheme, and agreed the approach taken in this Statement.
- 1.5 In September 2025, the Trustees transferred the Scheme's Defined Benefit ("DB") liabilities via a buy-in transaction to an insurer. The majority of the Scheme's assets were used to purchase the buy-in contract but, due to the strong funding position of the DB Scheme, some assets remained invested (the "Residual Assets"). This Statement relates solely to the 'Residual Assets' and how these are managed by the Trustees.
- 1.6 This Statement is consistent with the investment powers of the Trustees as set out in the Rules and the Trustees will refer to the Rules for any clarification of their investment powers. (See Appendix 1.) Neither this Statement nor the Rules restricts the Trustees' investment powers by requiring the consent of the Principal Employer.
- 1.7 Except for cash, the Trustees do not themselves conduct any day-to-day management of any of the Scheme's investments. Such management is delegated to appropriately qualified investment managers.

2 Choosing investments and Engagement

- 2.1 The Trustees expect any investment manager appointed by them to have regard to the need for diversification of investments, in so far as this is appropriate to the circumstances of the Scheme.
- 2.2 Before investing in any manner, the Trustees will obtain and consider advice from their appointed Investment Adviser and/or their appointed investment managers as appropriate on the suitability of such investment and its appropriateness in accordance with this Statement.
- 2.3 The Trustees purchased a buy-in contract from Legal & General Assurance Society Limited ("LGAS"). The contract is held in the Scheme's name and is an asset of the Scheme. As the insurance company, LGAS will guarantee the Scheme's ongoing cash flow needs for future benefit payments as projected for the participants and agreed in the contract. The Trustees' intention is to convert the buy-in contract into a buy-out (where individual annuity contracts are assigned to each member) so that the Scheme can be wound up in due course.

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- 2.4 At the date of the buy-in transaction, the value of the investments was greater than the premium payable to LGAS, meaning that the Scheme retained these 'Residual Assets' (value of investments at transaction date minus premium paid).
- 2.5 The Trustees acknowledge the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their Investment Manager, they provide their Investment Manager with a benchmark they expect the Investment Manager 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.
- 2.6 The Trustees are of the belief that ESG and climate risk considerations may 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 Trustees also recognise 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.
- 2.7 The Trustees considers it to be a part of their Investment Manager's 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.
- 2.8 The Trustees considers it to be part of their Investment Manager's role 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 manager invest on behalf of the Scheme.
- 2.9 Should the Investment Manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.
- 2.10 Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustees have made the Principal Employer aware of their policy on ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.
- 2.11 The Trustees expect the Investment Manager to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so, the Trustees believe they have managed the potential for conflicts of interest in the appointment of the Investment Manager and conflicts of interest between the Trustees / Investment Manager and the investee companies.
- 2.12 In selecting and reviewing their Investment Manager, the Trustees will, where relevant, consider Investment Manager's policies on engagement and how these policies have been implemented.

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3 Governance

3.1 The Trustees remain responsible for the investment of the Residual Assets and take some decisions themselves whilst delegating others to the appointed Investment Manager. When deciding which decisions to take themselves and which to delegate, the Trustees have considered whether they have the appropriate training and expert advice in order to take an informed decision. The Trustees have established the following decision-making structure:

Trustees

- Set structures and processes for carrying out their role
- Select and monitor asset allocation
- Select and monitor investment managers
- Make day to day decisions relevant to the operation of the Scheme's investment strategy
- Consider new investment ideas and approaches

Investment Adviser

- Advises on all aspects of the investment of the Residual Assets, including implementation
- Advises on this Statement
- Provides training as required to Trustees

Investment Managers

- Operate within the terms of this Statement and their written contracts
- Select individual investments with regard to their suitability and diversification

4 Types of investments to be held

- 4.1 The Residual Assets are solely invested with Aberdeen Investment (the 'Investment Manager') and totalled approximately £0.7m as at 30 September 2025.
- 4.2 Following discussions with the Principal Employer, the Trustees agreed to solely invest the Residual Assets in a cash fund with the Investment Manager (the abrdn Life Deposit & Treasury Pension Fund) with the aim of preserving capital value.

5 Risk

- 5.1 The Trustees have considered the following risks in respect of the buy-in transaction and the ongoing management of the Residual Assets, which are kept under review:
- the risk of financial markets not performing in line with expectations ("market risk"), which may adversely impact the value of the Residual Assets.
 - the risk of an increase in inflation ("inflation risk"), which may erode the capital value of the Residual Assets.
 - the risk of changes in pension regulations ("regulatory risk"), which may impact how the Residual Assets are managed.
 - the risk of the data calculations used for the buy-in not accurately reflecting the liabilities of the Scheme when it is in preparation for a buy-out ("calculation risk").
 - the risk of the insurer failing to meet its obligations ("counterparty risk"). This risk is considered by the Trustees and their advisers both upon the initial appointment of the insurer and on an on-going basis thereafter.

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- to ensure that the Residual Assets are invested in such a way that any unexpected cash needs of the Scheme can be met in a timely and cost-efficient manner (“liquidity risk”).
- the risk that the Investment Manager, who manages the Residual Assets, does not meet the stated objectives of the strategy held (“manager risk”). This risk is monitored by the Trustees (and their advisers) on an on-going basis.
- the risk of fraud, poor advice or acts of negligence (“operational risk”). The Trustees have sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.

6 Realisation of investments

- 6.1 The realisation of investments is delegated to the appointed Investment Manager as part of their day-to-day management activities.

7 Environmental, Social and Governance (ESG) criteria

- 7.1 The Trustees believe that environmental, social and governance factors are financially material and therefore have a policy to consider these, alongside other factors, when selecting or reviewing the Scheme’s investments to ensure sustainability of any investment selected. However, given that the Residual Assets are solely invested in a cash fund, the Trustees note that the application of this policy is limited.
- 7.2 The Trustees’ voting and engagement policy is to use their investments to improve the Environment, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustees believe that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of their investments and is in the members’ best interests. The Trustees will aim to monitor the actions taken by the Investment Manager, on their behalf, and if there are significant differences from the policy detailed above, they will escalate their concerns which could ultimately lead to disinvesting their assets from the Investment Manager.
- 7.3 The Trustees expect the Investment Manager to exercise voting rights and engage with investee companies, and this will be monitored within the Implementation Statement in the Scheme’s Annual Report and Accounts.
- 7.4 Further, the Trustees expect that, when selecting investments for purchase, retention, or sale, social, environmental, and ethical considerations will be among the factors that the Investment Manager will consider in the pursuit of long-term returns.

8 Assessing Performance

- 8.1 The Trustees expect the Investment Manager to exercise the rights attaching to the Residual Assets on behalf of all participants in the manner which supports the investment and performance objectives of the Scheme.
- 8.2 The Trustees monitors the performance of the Investment Manager over medium to long term periods that are consistent with the Trustee’s investment aims, beliefs and constraints.

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- 8.3 The Investment Manager is primarily remunerated via an agreed fixed annual percentage of the Residual Assets. The Trustees do not directly incentivise the Investment Manager to align its investment strategy and decisions with their policies and objectives, and ask the Investment Advisor to assess the ongoing appropriateness of the fixed annual percentage as part of any review of the Statement of Investment Principles.
- 8.4 The Trustees expect the Investment Manager to change underlying holdings only to extent required to meet the stated objective of the strategies held. The reasonableness of such turnover will vary by strategy and change according to market conditions. Therefore, the Trustees do not set a specific turnover target for the Residual Assets but expect the Investment Manager to provide information on portfolio turnover on request.
- 8.5 The Scheme's investments are in open-ended pooled funds and as such there are no pre-agreed timeframes for investment.

9 Additional voluntary contributions (AVCs)

- 9.1 The Trustees have full discretion as to the appropriate vehicles made available for the investment of members' AVCs. Only investment vehicles considered suitable for AVC investments are considered by the Trustees, having taken appropriate advice.
- 9.2 The Trustees review their policy regarding the investment of AVCs at annual intervals and take account of the returns achieved for members and any comments from members.
- 9.3 The present AVC provider is Standard Life.

10 Compliance

- 10.1 The Trustees require the Investment Manager to report at regular intervals on the Residual Assets of the Scheme under their control.
- 10.2 A review of this Statement will coincide with any material event impacting the Scheme, or at least every three years. Any such review will be based on written, expert investment advice and will be in consultation with the Principal Employer.

Signed for and on behalf of the Trustees
of the Jenks & Cattell Engineering
Pension Scheme

Signed by: *David Thornton* Date: 10/3/2026
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Appendix 1 – Investment Clause in Trust Deed

- 1 The Trustees shall have power in relation to any monies which they may from time to time hold for the purposes of the Scheme to invest or apply the same in any manner authorised by law for the investment of trust monies or by placing the same on current or deposit account with any bank or banking house in the United Kingdom or be effecting with the Assurance Company annuity or assurance or other contracts or policies providing pensions or other benefits for the purposes of the Scheme payable at an office of the Assurance Company in the United Kingdom but neither the Trustees nor any of the Participating Employers shall be deemed to guarantee the obligations of the Assurance Company under the contracts or policies nor shall they or any of them be liable for any loss arising in connection therewith and the liability of the Participating Employers to pay contributions shall be restricted accordingly.
- 2 The Trustees may delegate their discretion to make decisions about investments in terms of the powers granted by section 34 of the Pensions Act 1995:

Provided that the Trustees shall appoint a fund manager if the Scheme is or becomes a scheme to which section 47(2) of that Act applies.
- 3 Unless the Trustees appoint a fund manager under clause 9, the Trustees shall comply with the requirements of section 36 of the Pensions Act 1995 to obtain and consider proper advice on making and retaining investments.
- 4 If the Scheme is or becomes a scheme to which section 35 of the Pensions Act 1995 applies, the Trustees shall, after consulting with the Principal Employer and considering the advice of a qualified person, prepare, maintain and from time to time revise a statement of investment principles.
- 5 The Trustees shall comply with any restrictions on employer-related investments imposed on them by section 40 of the Pensions Act 1995.
- 6 Subject to their obligations under section 49 of the Pensions Act 1995, the Trustees may make such arrangements generally for the convenient administration of their duties as they deem necessary or desirable and may appoint an individual or corporate body or one of themselves to act for and on behalf of them in relation to the administration and management of the Scheme (including without prejudice to the generality of the foregoing receipt of payments, drawing and endorsing cheques on any bank account in the name of the Trustees and giving receipts and discharges) but subject to such instructions and restrictions as they may specify from time to time and with power for the Trustees at any time to revoke such appointment; and the production of a written authority of the Trustees shall be sufficient protection to any person taking such receipts and discharges or otherwise relying on such authority and unless such person has received notice in writing of the revocation of such authority he shall be entitled to act on the assumption that it remains in force notwithstanding any change of Trustees.