Towers Perrin (UK) Retirement Plan

Statement of Investment Principles

March 2026

Section 1: Introduction

Pensions Act

1.1 Under Section 35 of the Pensions Act 1995 (as amended by the Pension Act 2004), trustees are required to prepare a statement of the principles governing investment decisions. This document contains the statement and describes the investment principles pursued by the Trustee (the ‘Trustee’) of the Towers Perrin (UK) Retirement Plan (the ‘Plan’).

1.2 The Trustee has consulted Towers Watson Limited (the ‘Principal Employer’) on the principles set out in this statement and will consult the Principal Employer on any changes to it. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.

1.3 Before drawing up this statement, the Trustee has obtained and considered written advice from a suitably qualified firm, the Plan’s Investment Consultant (currently Towers Watson Limited). The Trustee will review the document regularly, at least every three years, and without delay following a significant change in investment policy. The date this SIP was last reviewed was March 2026.

Financial Services and Markets Act 2000

1.4 In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy but will delegate the responsibility for the selection of specific investments to an appointed investment manager or managers. The investment manager(s) shall provide the skill and expertise necessary to manage the investments of the Plan competently.

Plan details

1.5 The Plan operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries (‘Members’).

1.6 Members may no longer pay Additional Voluntary Contributions (AVCs) to the Plan.

Section 2: Division of responsibilities

2.1 The Trustee has ultimate responsibility for decision making on investment matters. In order to ensure that investment decisions are taken only by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates some of these responsibilities.

2.2 In particular the Trustee delegates a number of tasks to a Fiduciary manager (the 'Fiduciary Manager'), currently Towers Watson Limited.

Trustee roles and responsibilities

2.3 The Trustee's primary investment role and responsibility is to set the overall strategic investment objectives for the Plan, including a risk budget and return target (taking advice from the Fiduciary Manager), and ensuring that these objectives remain appropriate over time.

2.4 The Trustee delegates a number of responsibilities to the Fiduciary Manager (as set out below). However, the Trustee reserves the right to make decisions on all such matters subject to informing the Fiduciary Manager as soon as practical after a decision has been taken.

2.5 The Trustee is responsible for monitoring the activity and performance of the Fiduciary Manager for the services provided as set out in the Fiduciary Manager's agreement with the Plan, and reporting to the Trustee on an agreed frequency.

Fiduciary Manager roles and responsibilities

2.6 The Fiduciary Manager's roles and responsibilities include:

- Assisting the Trustee in the development of an overall investment risk budget, return target, and broad strategic asset allocation policy for the Plan.
- Monitoring the overall progress of the Plan and the underlying investment risk/return balance relative to the Trustee's strategic objectives and parameters, and reporting to the Trustee on an agreed frequency.
- Within the constraints of the agreed investment guidelines:
  - determining asset allocation;
  - liability hedging design, implementation and monitoring;
  - selecting and de-selecting investment managers;
  - implementing all asset transitions (including rebalancing);
  - advising on this Statement of Investment Principles; and
  - providing relevant training for the Trustee.
- Leading and completing negotiations of investment manager agreements, including:
  - agreeing investment and commercial terms;
  - obtaining, considering and acting on legal advice as appropriate; and
  - executing agreements on the Plan's behalf under a Power of Attorney.

Underlying Investment managers

2.7 Each underlying investment manager’s responsibilities include:

- Discretionary management of the portfolio, including implementation (within agreed guidelines) of changes in the asset mix and selecting securities within each asset class.
- Providing regular statements of the assets they manage.
- The independent safekeeping of the assets and appropriate administration (including income collection and corporate actions) within any pooled funds used by the Plan.

Custodian and Performance measurer

2.8 The Plan has also contracted with a global custodian (the ‘Custodian’), currently State Street Bank & Trust Company, whose responsibilities include:

- Registering the Plan’s investment holdings.
- Providing independent transaction activity and valuation reporting on a monthly basis.
- Providing performance measurement services.

Plan Actuary

2.9 The current Plan Actuary is Towers Watson Limited. The responsibilities include:

- Performing the triennial (or more frequently, as required) valuations of the Plan and advising on the appropriate contribution levels for the future.
- Liaising with the Investment Consultant on the suitability of the Plan's investment strategy given the financial characteristics of the Plan.

Section 3: Plan Objectives and long term policy

Plan objectives

3.1 The Trustee has the following investment objectives:

- The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet the cost of current and future benefits which the Plan provides, and to ensure the security, quality and profitability of the portfolio as a whole.

- To limit the risk of the assets failing to meet the liabilities, both over the long-term and on a shorter-term basis.

- To minimise the long term costs of the Plan by maximising the return on the assets whilst having regard to the objective shown under the points above.

3.2 The long-term investment objective of the Trustee is for the Plan to be fully funded on a gilts basis (which is taken to be the same basis as that underlying the technical provisions but using a gilt discount rate to assess the liabilities).

3.3 Following a period of strong investment returns and a buy-in conducted for favourable pricing, the Plan achieved this objective earlier than expected in 2020, which put greater focus on the ultimate objective of the Plan. The Plan Actuary is actively monitoring the appropriate funding position to allow for a full insurance settlement, which will help to define a next stage journey plan should this be the favoured route. The Trustee expects the funding level to remain above 100% on a gilts basis.

3.4 The Trustee has adopted a low-risk investment strategy focused on capital preservation and liability matching, with the majority of the Plan's assets invested in insurance policies and high-quality fixed income assets, including gilts and bonds.

3.5 The Trustee will review this performance objective regularly and amend as appropriate.

Investment strategy

3.6 The Trustee has received advice to determine an appropriate investment strategy for the Plan. The Trustee has a desire to diversify its risk exposures and to manage its investments efficiently and has therefore appointed Towers Watson Limited as its Fiduciary Manager.

3.7 The investment strategy makes use of three key types of investments:

- using a range of instruments that provide a better match to changes in liability values;

- using a diversified range of return-seeking assets; and

- using actively managed portfolios only where appropriate.

3.8 The balance within and between these investments will be determined from time to time with regard to maximising the chance of achieving the Plan's investment objectives.

3.9 The Trustee will work with its Investment Consultant, to establish a framework for dynamically managing the Plan's risk and return.

3.10 The Plan will hold assets in cash and other money market instruments from time to time as may be deemed appropriate.

3.11 The Trustee will monitor the liability profile of the Plan and will regularly review, in conjunction with the Fiduciary Manager and Plan Actuary, the appropriateness of its investment strategy.

3.12 The expected return of all the Plan’s investments will be monitored regularly and will be directly related to the Plan’s investment objective.

Section 4: Other investment policies

Choosing investments

4.1 The Trustee has appointed an investment manager to manage the Plan's assets on a discretionary basis and to provide investment advisory services to the Trustee (the 'Fiduciary Manager'). The balance within and between these investments will be determined from time-to-time at the discretion of the Fiduciary Manager, with the objective of maximising the probability of achieving the Plan's investment objective set by the Trustee. The Fiduciary Manager's discretion is subject to guidelines set by the Trustee in the Fiduciary Management Agreement between the two parties as amended from time to time (the 'FMA'). In exercising investment discretion, the Fiduciary Manager is required to act in accordance with its obligations in the FMA, including the guidelines and any investment restrictions set out therein, and in so doing is expected to give effect so far as reasonably practical to the principles contained in this Statement of Investment Principles. This ensures appropriate incentivisation and alignment of decision-making with the Trustee's overall objectives, strategy and policies.

Socially responsible investments

4.2 The Trustee has delegated investment manager selection, de-selection and the ongoing management of relationships with investment managers to the Fiduciary Manager within guidelines set by the Trustee in the FMA. Investments will be made by the Fiduciary Manager on behalf and in the name of the Trustee, directly in pooled vehicles.

4.3 The Trustee considers the Fiduciary Manager's performance in carrying out these responsibilities as part of its ongoing oversight of the Fiduciary Manager. The Trustee expects the Fiduciary Manager to ensure that the Plan's investment portfolio, in aggregate, is consistent with the policies set out in this Statement of Investment Principles, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustee expects the Fiduciary Manager to check that the investment objectives and guidelines of any pooled vehicle are consistent with the Trustee's policies contained in this Statement of Investment Principles.

4.4 In accordance with the Financial Services and Markets Act 2000, the selection of specific investments will be delegated to investment managers. The investment managers will provide the skill and expertise necessary to manage the investments of the Plan competently. The duration of the arrangements with investment managers will be determined on an individual basis..

4.5 The Trustee and Fiduciary Manager are not involved in the investment managers' day-to-day method of operation and do not directly seek to influence attainment of their performance targets. However, the Fiduciary Manager may provide investment recommendations to the investment managers of certain pooled funds appointed where it considers it appropriate. The Fiduciary Manager will maintain processes to ensure that performance and risk are assessed on a regular basis against measurable objectives for each investment manager, consistent with the achievement of the Plan's long term objectives.

4.6 The Trustee expects the Fiduciary Manager to select investment managers with an expectation of a long-term partnership with the Trustee, which encourages active ownership of the Plan's assets. When assessing an investment manager's performance, the Trustee expects the Fiduciary Manager to focus on longer-term outcomes, commensurate with the Trustee's position as a long term investor. Consistent with this view, the Trustee does not expect that the Fiduciary Manager would terminate an investment manager's appointment based purely on short term performance but recognises that an investment may be terminated within a short timeframe due to other factors such as a significant change in the relevant manager's business structure or investment team. The Trustee adopts the same long term focus as part of its ongoing oversight of the Fiduciary Manager.

4.7 For most of the Plan's investments, the Trustee expects the Fiduciary Manager to select investment managers with a medium to long time horizon, consistent with that of the Plan. In particular areas such as equity and credit, the Trustee expects the Fiduciary Manager to work with investment managers who will use their engagement activity to drive improved performance over medium to long term periods within the wider context of long-term sustainable investment. The Trustee notes that the Fiduciary Manager may invest in certain strategies where such engagement is not deemed appropriate or possible, due to the nature of the strategy and/or the investment time horizon underlying decision making. The Trustee expects that the appropriateness of the Plan's allocation to such mandates is determined in the context of the Plan's overall objectives.

4.8 The Trustee recognises that an investment's long-term financial success is influenced by a range of factors including Environmental, Social and Governance ('ESG') issues.

4.9 Consequently the Trustee (through the selection of the Fiduciary Manager and its associated approach to ESG issues, as set out in points 4.10 and 4.11 below) seeks to be an active long-term investor. The Trustee's focus is explicitly on financially material considerations. The Trustee's policy at this time is not to take into account non-financial matters in the selection, retention and realisation of investments.

4.10 When considering its policy in relation to stewardship including engagement and voting, the Trustee expects investment managers to address broad ESG considerations, but has identified climate and human and labour rights as two of the biggest ESG risks facing the Plan, and consequently, these are key areas of focus for the Trustee. The Trustee assesses that ESG risks, and in particular climate change, pose a financial risk to the Plan and that focussing on these issues is ultimately consistent with the Trustee's fiduciary duties and the financial security of its members. Whilst the Trustee's policy is to delegate a number of stewardship activities to the Fiduciary Manager and its investment managers, the Trustee recognises that the responsibility for these activities remains with the Trustee. The Trustee incorporates an assessment of how well the Fiduciary Manager and investment managers exercise these responsibilities as part of its overall assessment of their performance.

4.11 The Fiduciary Manager has a dedicated sustainable investment resource and a network of subject matter experts. The consideration of ESG issues is fully embedded in the investment manager selection and portfolio management process, with oversight undertaken on a periodic basis. The Trustee expects the Fiduciary Manager to assess the alignment of each investment manager's approach to sustainable investment (including engagement) with its own before making an investment on the Plan's behalf. The Trustee expects the Fiduciary Manager to engage with the Plan's investment managers where the Fiduciary Manager considers this appropriate regarding their approach to stewardship with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings. In addition, the Trustee expects the Fiduciary Manager to review the investment managers' approach to sustainable investment (including engagement) on a periodic basis and engage with the investment managers to encourage further alignment as appropriate.

4.12 The Fiduciary Manager considers a range of sustainable investment factors, such as, but not limited to, those arising from ESG considerations, including climate change, in the context of a broader risk management framework. The degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and particular exposures which the Fiduciary Manager takes into account in the assessment.

4.13 The Fiduciary Manager encourages and expects the Plan's investment managers to sign up to local or other applicable stewardship codes, in-keeping with good practice, subject to the extent of materiality for certain asset classes. The Fiduciary Manager itself is a signatory to the Principles for Responsible Investment (PRI) and the UK Stewardship Code and is actively involved in external collaborations and initiatives.

4.14 The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Plan's investments to its investment managers. The Fiduciary Manager assesses the voting policies of the investment managers that it appoints on the Trustee's behalf, for consistency with the Trustee's policies and objectives, as appropriate. The Fiduciary Manager has also appointed EOS at Federated Hermes to undertake public policy engagement on its behalf as well as and company-level engagement on its behalf.

4.15 The Trustee expects the Fiduciary Manager to consider the fee structures of investment managers and the alignment of interests created by these fee structures as part of its investment decision making process, both at the initial selection of an investment manager and on an ongoing basis. Investment managers are generally paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The Trustee expects the Fiduciary Manager to review and report on the costs incurred in managing the Plan's assets regularly, which includes the costs associated with portfolio turnover. The portfolio turnover at an individual investment manager level is a measure of how often assets are either bought or sold by the Plan's investment manager(s), over a given period, expressed as a percentage of the individual fund as either the lesser value of purchases or the value of sales divided by the average annual market value. In assessing the appropriateness of the portfolio turnover costs at an individual investment manager level, the Trustee expects the Fiduciary Manager to have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate. On this basis, the Fiduciary manager monitors the portfolio turnover and provides an annual assessment of the turnover results over a 12 month period to the Plan's financial year end.

Liquidity and realisation of investments

4.16 The Trustee's policy is that there will be sufficient investments in liquid or readily realisable assets to meet cashflow requirements in foreseeable circumstances so that the realisation of assets will not disrupt the allocation of the Plan's overall investments, where possible. The Trustee, together with the Plan's administrator, will hold sufficient cash to meet benefit and other payment obligations.

Section 5: Other matters

5.1 The Plan is a Registered Pension Scheme for the purposes of the Finance Act 2004.

5.2 The Trustee regards 'risk' as the likelihood of failing to achieve the investment objective set out above and has taken several measures which are set out below to minimise this risk, so far as is possible.

5.3 The Trustee's willingness to take investment risk is dependent on the continuing financial strength of the Principal Employer and its willingness to contribute to the Plan.

5.4 The key risks identified by the Trustee and the measures taken to satisfactorily control these risks are set out below. The measures do not render the investment strategy free of risk. Rather, the measures endeavour to balance the need for risk control and the need to allow the investment managers sufficient flexibility to manage the assets in such a way as to achieve the required investment objective.

- Solvency risk and mismatching risk
  - are measured through a qualitative and quantitative assessment of the expected development of the Plan's funding level.
  - are managed through the development of a portfolio consistent with delivering the Plan's investment objective.
- Sponsor risk
  - is measured by receiving regular financial updates from the Principal Employer and periodic independent covenant assessments.
  - is managed through an agreed contribution and funding schedule.
- Custodial risk
  - is addressed through investment in pooled vehicles, with the pooled fund managers being responsible for selection of suitable custodians. In addition the Fiduciary Manager is responsible for sweeping un-invested cash balances into pooled cash funds, which are managed by a pooled fund manager who, in line with the Plan's other pooled fund managers, is responsible for selecting the custodian for the cash funds.
- Interest rate and inflation risk:
  - are measured by comparing the likely movement in the Plan's liabilities and assets due to movements in inflation and interest rates.
  - are managed by holding a portfolio of matching assets (physical bonds and/or derivatives via pooled funds) that enable the Plan's assets to broadly match movements in the value of the liabilities due to inflation and interest rates. The construction, ongoing monitoring and consideration of the risks associated with using derivatives within the liability hedging portfolio is undertaken by the Fiduciary Manager, with oversight by the Trustee.
- Longevity risk
  - is partially mitigated through the use of insurance policies. As the Plan de-risks, longevity risk will become a larger proportion of the Plan's overall risk. As this happens the Trustee will look to increase insurance activity through further buy-ins and/or other longevity hedging instruments such as longevity swaps.

- Insurer risk
  - is measured by assessing the credit-worthiness of the provider of the Plan's buy-in policy and the ability of the insurer to meet the Plan's benefit outgo. This risk is managed through ongoing monitoring of the Plan's buy-in provider, Legal & General Assurance Society Limited.
  - The Trustee believes that it has multiple layers of protection in the event of insurer default, including the financial strength and regulatory capital requirements of Legal & General Assurance Society Limited, protection provided by the Financial Services Compensation Scheme, the covenant of the Company, and the Pension Protection Fund.

- Investment manager risk
  - is measured by the expected deviation of the return relative to the benchmark set.
  - is managed by considering when to employ active versus passive management given prospective net of fees returns, consideration of the appropriate amount of the Plan's assets to allocate to any active portfolios and by monitoring the actual deviation of returns relative to the benchmark and factors supporting the investment managers' investment process.

- Liquidity risk
  - is measured by the level of cashflow required by the Plan over a specified period.
  - is managed by the Plan's administrator assessing the level of cash held in order to limit the impact of the cash flow requirements on the investment policy and through holding assets of appropriate liquidity.

- Currency risk
  - is measured by the level of exposure to non-Sterling denominated assets.
  - is managed by the implementation of a currency hedging programme (carried out within some of the pooled investment vehicles) which reduces the impact of exchange rate movements on the Plan's asset value.

- Political risk
  - is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention.
  - is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.

5.5 The Trustee continues to monitor these risks alongside the Fiduciary Manager.

Appendix A: Plan's Advisors

Full details of the Plan's current advisors are given below:

Plan Actuary	S Field FIA, Towers Watson Limited
Investment Consultant	Towers Watson Limited
Fiduciary Manager	Towers Watson Limited
Custodian	State Street Bank and Trust Company
Performance measurer	State Street Bank and Trust Company
Administrator	Towers Watson Limited
Solicitors	Linklaters LLP
Auditors	Crowe U.K. LLP