

# **The Bakkavor Pension Scheme**

## **Statement of Investment Principles**

**August 2026**

# Version Update

## Version      Effective From

|      |                |
|------|----------------|
| 1.0  | December 2009  |
| 2.0  | December 2011  |
| 3.0  | March 2013     |
| 4.0  | August 2014    |
| 5.0  | March 2015     |
| 6.0  | March 2016     |
| 7.0  | November 2016  |
| 8.0  | August 2017    |
| 9.0  | February 2018  |
| 10.0 | September 2018 |
| 11.0 | July 2019      |
| 12.0 | September 2020 |
| 13.0 | December 2021  |
| 14.0 | March 2022     |
| 15.0 | January 2024   |
| 16.0 | February 2025  |
| 17.0 | January 2026   |
| 18.0 | August 2026    |

# The Bakkavor Pension Scheme

August 2026

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# 1 Introduction

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 for the Bakkavor Pension Scheme ('the Scheme'). It describes the investment policy being pursued by Bakkavor Pension Trustees Limited ('the Trustee') of the Scheme and is in compliance with the Government's voluntary code of conduct for Institutional Investment in the UK ('the Myners Principles'). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

The Scheme Actuary is Laura Amerasekera of Towers Watson, the Investment Adviser is Schroders Solutions ("Schroders") (a trading name of Schroders IS Limited) and the Legal Adviser is Squire Patton Boggs (collectively termed 'the Advisers').

The Trustee is responsible for the investment of the Scheme's assets and arranges administration of the Scheme. Where it is required to make an investment decision, the Trustee always receives advice from the relevant Advisers first and it believes that this ensures that it is appropriately familiar with the issues concerned.

In accordance with the Financial Services & Markets Act 2000 ('FSMA'), the Trustee sets general investment policy, but has delegated the day-to-day investment of the Scheme's assets to professional Investment Managers. The Investment Managers are authorised under the FSMA and provide the expertise necessary to manage the investments of the Scheme.

## 1.1 Declaration

The Trustee confirms that this SIP reflects the Investment Strategy it has implemented for the Scheme. The Trustee acknowledges that it is its responsibility, with guidance from the Advisers, to ensure the assets of the Scheme are invested in accordance with these Principles:

**Signed** ..... **Date** .....

**Signed** ..... **Date** .....

**The Trustee adopted this on ..... on behalf of the Trustee of the Bakkavor Pension Scheme**

## 2 Scheme Governance

The Trustee is responsible for the governance and investment of the Scheme's assets. Given the Scheme's current arrangements, the Trustee believes that investment matters should now be considered collectively by the full Trustee Board and, therefore, that a separate Investment Sub-Committee is not required.

## 3 Defined Benefit Investment Objectives

The Scheme's ultimate objective is to meet the benefit payments as they fall due. In order to achieve this, in March 2026, the Trustee agreed a low risk investment strategy comprising of a full Scheme buy-in contract with Rothesay Life Plc ("Rothesay" and "the contract"). Under the terms of the contract, Rothesay is committed to paying the retirement benefits due to all members and their dependents that were included in the contract. The Scheme's remaining assets are managed by the Investment Manager on a care and maintenance basis.

Given the Trustee no longer requires investment returns in order to meet any outstanding liabilities, including any residual liabilities yet to be transferred to Rothesay, the Trustee's objective is no longer framed with reference to a liability-related objective.

## 4 Defined benefit investment strategy

Following completion of the buy-in, and having taken advice, the Trustee has made the decision to hold the remaining assets strategically in cash.

Given that the Scheme's remaining assets are held predominantly in cash (or equivalent) assets, the Trustee meets to discuss investment matters on a periodic basis – these meetings provide an opportunity for the Trustee to maintain sufficient involvement in the investment process to discharge its responsibilities appropriately and to demonstrate consultation with the Sponsoring Employer.

## 5 Defined Benefit Strategy Implementation

Where the Trustee believes an Investment Manager can add value over and above the benchmark in the medium to long term, the Trustee will select an active Investment Manager. Otherwise, low cost “passive” Investment Managers will be employed.

### 5.1 Mandates and Performance Targets

The Trustee has received advice on the appropriateness of each Investment Manager’s target, benchmark and risk tolerance from the Advisers and believes them to be suitable to meet the Scheme’s investment objectives.

### 5.2 Manager Agreements

The Trustee and Investment Managers have agreed, and will maintain, formal Manager Agreements setting out the scope of each Investment Manager’s activities, its charging basis and other relevant matters. Where this is for a pooled fund, and where no Investment Management Agreement is used by the Investment Managers, the Trustee has accepted the standard terms of engagement with the Investment Managers as set out in the Prospectus and have provided the Investment Managers with a signed Application Form.

### 5.3 Derivatives

The Trustee may enter into contracts with counterparties, including investment banks, in order to execute in derivative transactions. The Trustee has taken advice on the suitability of the contracts and set restrictions on the use of derivatives where they think this is appropriate.

### 5.4 Suitability

The Trustee has taken advice from the Advisers to ensure that the Investment Managers are suitable for the Scheme, given its objectives.

### 5.5 Custody

The Trustee is required to ensure that adequate custody arrangements are in place. For most of the pooled fund holdings, the Trustee has delegated the custody of the investments of the Scheme to the Investment Managers.

## 6 Monitoring

### 6.1 Investment Managers

The Trustee will monitor the performance of the Investment Managers against the agreed performance objectives.

The Trustee monitors directly, and by delegation to the Investment Advisor, the Investment Managers used by the Scheme to satisfy themselves that each Investment Manager continues to carry out their work competently and has the appropriate knowledge and experience to manage the assets of the Scheme.

As part of this review, the Trustee will consider whether or not each Investment Manager:

- Is carrying out its function competently.
- Has regard to the suitability of each investment.
- Has been exercising its powers of investment in a way that is consistent with the principles contained in this SIP.

If the Trustee is not satisfied with an Investment Manager they will ask the Investment Manager to take steps to rectify the situation. If the Investment Manager still does not meet the Trustee's requirements, they will remove the Investment Manager and appoint another.

### 6.2 Advisers

The Trustee will monitor the advice given by the Advisers on a regular basis. Formal objectives have been set for the Investment Adviser and the Trustees monitor against these objectives.

### 6.3 Other

The Trustee will review this SIP regularly (and at least triennially), or following any significant changes to the investment strategy, and modify it with consultation from the Advisers and the Employer if deemed appropriate. There will be no obligation to change this SIP, any Investment Manager or Adviser as part of such a review.

## 7 Financially material investment considerations

Financial material considerations, which include (but not limited to) environmental, social and governance (ESG) considerations (including, but not limited to, climate change), which the Trustee consider to be financially material.

The Trustee believes that certain ESG factors can have an impact on financial performance and part of its fiduciary duty is to incorporate this information into its investment decisions to reduce investment risk and enhance portfolio returns over the length of time needed for the funding of future benefits of the Scheme. The Trustee considers a wide range of ESG risks, including corporate governance, human rights, labour and environmental standards and so on and it believes that climate risk presents a material financial risk to the assets invested in its portfolio.

## 8 Non-financial material investment considerations

The Trustee does not at present take into account non-financial matters (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions as there is no likely common view on any ethical matters which members are likely to hold. At this time the Trustee has no plans to seek the views of the membership on ethical considerations.

## 9 Risks

The Trustee recognises a number of risks involved in the investment of assets of the Defined Benefit section of the Scheme. These risks, and how they are measured and managed, include:

- i. **Funding and asset/liability mismatch risk** – the risk that the funding level or the ability to pay liabilities is adversely affected due to a mismatch between the assets and liabilities. This risk is managed in the following ways:
  - Implementing a full buy-in of the Scheme's liabilities
  - Retaining residual assets, predominantly in the form of cash, in excess of the buy-in policy and the Trustee bank account to preserve the capital value of the surplus.
- ii. **Underperformance risk** – the risk of underperforming the benchmarks and objectives set by the Trustee.
- iii. **Concentration risk** – the risk of an adverse influence on investment values from the concentration of holdings. While the Scheme's invested assets are held majority in a buy-in policy, this lack of diversification is appropriate given the Scheme's circumstances.
- iv. **Organisational risk** – the risk of inadequate internal processes leading to problems for the Scheme. This is addressed through regular monitoring of the Investment Managers and Advisers.
- v. **ESG risk including Climate risk** – the risk of adverse performance due to ESG related factors including climate change. This is addressed by ESG assessment at the point of investment with the investment manager and as part of the ongoing investment manager monitoring process carried out by the Trustee. The Trustee recognises climate change as a systemic, long-term material financial risk to the value of the Scheme's investments.
- vi. **Sponsor risk** – the risk of the Employer ceasing to exist, which for reasons of prudence, has been taken into account when setting the asset allocation strategy. The Trustee regularly reviews the covenant of the Employer.
- vii. **Insurer default/credit risk** - The risk of a default by a bulk annuity provider (buy-in insurer). The Trustee and its risk settlement advisors considered the strength of the insurer before entering into the policy whilst considering the wider regulatory framework within which they are required to operate.

The Trustee will keep these risks and how they are measured and managed under regular review.

## 10 Other issues

### 10.1 Defined Benefit Section - Statutory Funding Objective

The Trustee will obtain and consider proper advice on the question of whether the investments are satisfactory having regard to both the investment objectives and the requirement to meet statutory funding requirements, including the Scheme's Specific Funding Requirement.

The Trustee will consider with the Advisers, whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the Statutory Funding Objective.

### 10.2 Corporate Governance and Stewardship

The Trustee and the investment managers have agreed, and will maintain, formal Manager Agreements and/or fund documentation setting out the scope of each Investment Manager's activities, its charging basis and other relevant matters.

As part of the appointment of the investment managers to the Scheme, the Trustee has entered formal manager agreements and/or accepted the terms of pooled investment vehicles, setting out the scope of each investment manager's and/or pooled investment vehicle's activities, their charging basis and other relevant matters. The appointment of the investment managers is ongoing. The Trustee periodically reviews the overall value-for-money of using the Investment Advisor (as specified in the Scheme's Investment Consulting objectives) and investment managers.

The Scheme investments are generally made via pooled investment funds, in which the Scheme's investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue the underlying securities, whether for corporate governance purposes or other financially material considerations, is delegated to the investment managers.

The investment managers where appropriate adopt an active approach to corporate governance. The Trustee would prefer to engage with companies rather than boycott particular shares or companies. The Trustee is aware of the policy of the investment managers concerned regarding corporate governance and have delegated the responsibility for activity in this area to the investment managers.

The Trustee has retained the use of voting (and other) rights attached to their mandates; however the respective managers of the mandates retain responsibility for voting on their underlying holdings. The Trustee will monitor investment managers' voting records, and will seek explanations and discussions as appropriate. The Trustee has made the decision to consider the six themes their Investment adviser believe to be most financially material when setting its engagement priorities. These engagement themes include Climate, Natural Capital and Biodiversity, Human Rights, Human Capital Management, Diversity and Inclusion and Corporate Governance. The Trustee expects the investment advisor to take its stewardship priorities into account as part of manager selection exercise.

The Trustee and Investment Adviser undertake regular reviews of the investment managers. These reviews incorporate benchmarking of performance and fees, with some managers on performance-related fees as well as performance reviews (including understanding key drivers of performance). The Investment Advisor and Trustee review the governance structures of the investment manager, as well as assessing whether their fees, expenses (and any other charges) are in line with industry peers at inception and from time to time whilst invested.

Where it can be determined, the Trustee and Investment Advisor assess whether the investment manager remuneration arrangements are aligned with the Trustee's objectives. The Trustee expects the investment managers:

- to have an investment strategy and make decisions that are aligned with the Trustee's investment policies, such as their return target and the restrictions detailed in the Investment Management Agreement/pooled fund investment documentation, and
- to assess and make decisions based on the medium- to long-term financial and non-financial performance of an issuer of debt or equity, and to engage with the issuers to improve this medium- to long-term performance. The success of such engagement will contribute to the Scheme's performance, which are reflected and measured relative to the Trustee's long-term performance objectives.

The Trustee acknowledges the inherent potential for conflicts of interest which exist as part of ongoing investment management business activities. Where investment managers are regulated, they are likely to be subject to such requirements to manage conflicts of interest as are applicable in their jurisdiction of incorporation or operations. The Trustee and Investment Advisor monitor this as part of ongoing review. As an FCA regulated firm, the Investment Advisor is required to prevent or manage conflicts of interest. The Investment Advisor's Conflict of Interest policy has been passed to the Trustees.

The Trustee oversees the turnover costs (where available) incurred by the investment managers as part of its ongoing monitoring process and evaluates such costs to determine if they are in line with peer groups and the Investment Advisor's expectations. Where there are material deviations the Trustee engages with investment managers to understand the rationale for such deviations and take appropriate action.

## **10.3 Additional Voluntary Contributions (AVCs)**

Under the Scheme's Trust Deed and Rules, members are allowed to invest Additional Voluntary Contributions to improve the benefits they receive at retirement. The Trustee has selected a range of investment funds with Friends Life, Phoenix Life and Standard Life for members.

The Trustee reviews these arrangements regularly having regard to their performance, the objectives and the views of the Adviser.