Statement of Investment Principles

This is the Statement of Investment Principles ("the Statement") made by the Directors ("Trustees") of Finning Trustees Limited, Trustee of The Finning Pension Scheme ("the Scheme") in accordance with the Pensions Act 1995 (as amended). The Trustees review this Statement on a regular basis and at least once every three years.

In preparing this Statement, the Trustees have consulted with Finning (UK) Ltd., the principal employer to the Scheme, and have taken, and considered, written advice from the Investment Practice of Hymans Robertson LLP.

Scheme Objective

The primary objective of the Scheme is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, on a defined benefits basis.

The Trustees' over-riding funding principle for the Scheme is to ensure that there are always sufficient assets of the Scheme (at their realisable value) to meet 100% of benefits as they fall due for payment to members.

In December 2024, the Trustees entered into an insurance policy ("the Policy") with Phoenix Life Limited ("Phoenix") that is expected to secure the benefits of all Scheme members. In return for the payment of a premium the Trustees hold an insurance policy with Phoenix. Under the policy, Phoenix makes monthly payments to the Scheme to match the insured liabilities and cover benefit payments to members. Phoenix covers the longevity risks of members as well as the investment risks of the assets under the Policy. In entering the Policy, the Trustees received written advice as necessary from their professional advisers.

Phoenix is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. The Trustees carried out extensive due diligence assessments on Phoenix, noting the regulatory environment in which the insurer must operate.

The remainder of assets are held in a cash account with BlackRock. BlackRock is authorised under the Financial Services and Markets Act 2000 to undertake investment business.

Suitability

The Trustees carried out an extensive due diligence assessment on Phoenix and have obtained written advice from their professional advisers prior to entering the contract, as required by law.

The Trustees have taken advice from their Investment Consultants on the BlackRock investment to ensure the investment is suitable.

Risk

The Trustees recognise a number of risks, including those described below, involved in the investment of the assets of the Scheme. The Trustees continue to monitor these risks and accept that some degree of risk is inevitable in the effective management of investments.

- Concentration risk: The Trustees recognise that a decision to invest in a buy-in contract with a single provider represents a concentration of risk and has addressed this through scrutiny of the provider.
- Liquidity risk: The Trustees ensures that in the Scheme Trustees' bank account a sufficient cash balance is available to meet the required outgoings, and is measured by the level of cash flow required by the Scheme over a specified period.
- Investment risk: The principal risk facing the Scheme is that Phoenix may default on its obligations under the buy-in contract. To mitigate this, the Trustees have obtained and carefully considered professional advice

regarding the financial strength of Phoenix and the insurance regulatory regime, and concluded that this risk was acceptably low.

The remainder of assets are held in a cash account with BlackRock. This is not deemed a material financial risk.

Realisation of assets

The Scheme is invested in a full insurer buy-in contract which makes monthly payments to the Scheme covering members' benefit payments, and the realisation of assets is not considered relevant to the circumstances.

The remainder of assets are held in a cash account with BlackRock. This is realisable on a daily basis.

Financially material factors: Environmental, social and governance ("ESG") issues, including climate

The Trustees recognise that the consideration of financially material factors, including ESG factors and climate change, is relevant at different stages of the investment process.

The Trustees have entered into a full buy-in contract with Phoenix. The Policy has not been structured with expected return in mind, but instead aims to match the Scheme's benefit obligations. Given the nature of the contract, the Trustees have not made explicit allowance for climate change in framing the strategic asset allocation.

As part of the broader formal selection process and review criteria for the insurer Phoenix, including financial strength and market experience, the Trustees considered ESG matters and received the guidance of professional advisers in this area. The insurer's integration of ESG into their processes and use of independent assessment on ESG criteria were highlighted as positive features for consideration.

Stewardship

Given that the Scheme is entirely invested in an insurer buy-in contract and cash, monitoring opportunities for engagement and voting are extremely limited given the purchase of the Policy. The Trustees are mindful and accepting of this.

Monitoring

The Trustees will monitor the insurer service periodically, considering such factors as market presence, solvency metrics, and activities in the ESG space.

Additional Voluntary Contributions (AVCs)

The Trustees give members the opportunity to pay AVCs. A range of funds is available for investment at members' discretion. As the Scheme is closed, no further contributions can be made.

Signed for, and on behalf, of Finning Trustees Limited, Trustee of The Finning Pension Scheme.

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Director

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Date