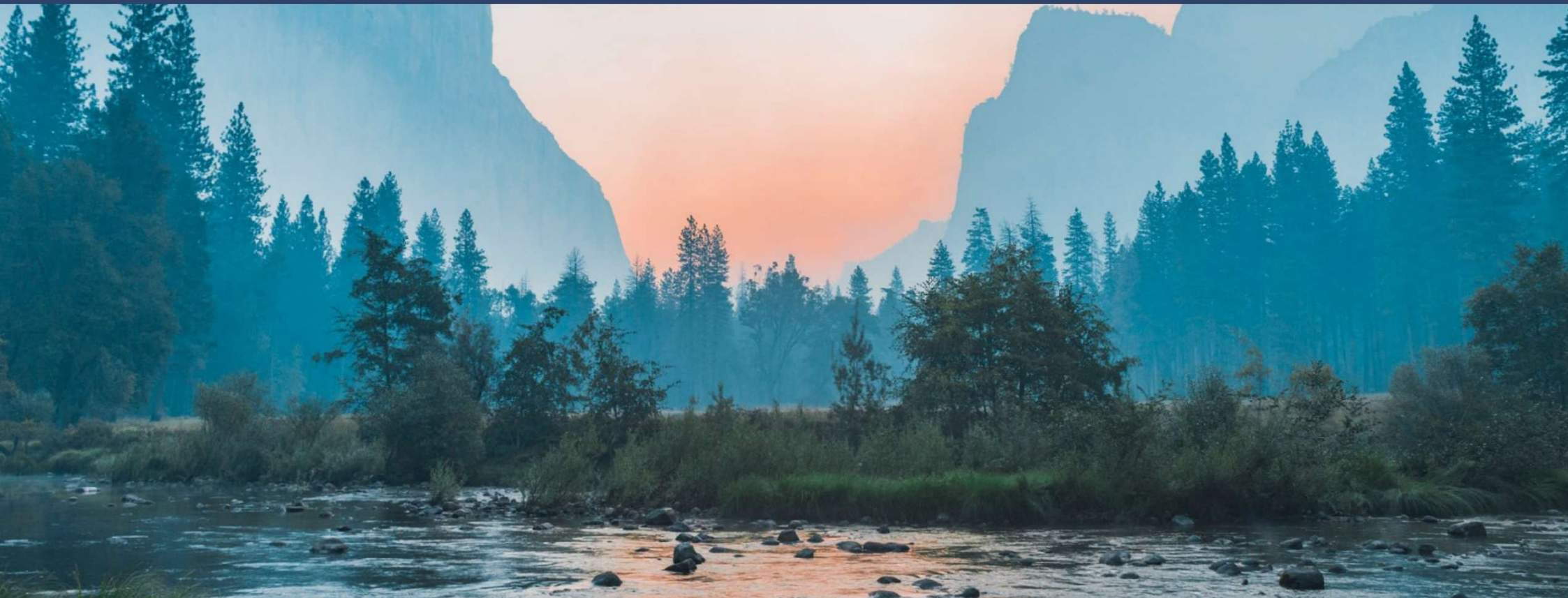


Statement of Investment Principles

For the Ultra Electronics Pension Scheme

Effective from: 29 October 2025



1. Introduction

This Statement of Investment Principles ("SIP") has been produced by the Trustee of the Ultra Electronics Pension Scheme.

It sets out our policies on various matters governing investment decisions for the Ultra Electronics Pension Scheme (the "Scheme"), which has Defined Benefit ("DB") and Defined Contribution ("DC") sections. This SIP also covers the Additional Voluntary Contribution arrangements ("AVCs").

This SIP replaces the previous SIP dated 20 March 2025.

This SIP has been prepared after obtaining and considering written advice from LCP, our independent investment adviser, whom we believe to be suitably qualified and experienced to provide such advice. The advice considered the suitability of investments including the need for diversification given the circumstances of the Scheme and the principles contained in this SIP.

We have consulted the sponsoring employer, Ultra Electronics Limited (the "Company") in producing this SIP.

We will review this SIP from time to time and will amend it as appropriate. Reviews will take place without delay after any significant change in investment policy or in the demographic profile of the DC membership, and at least once every three years.

This SIP contains the information required by legislation and considers the Pensions Regulator's guidance on investments.

We have produced a separate SIP addendum document, which details further background and other matters relevant to the Scheme's investments that are not required to be included in the SIP.

2. Investment objectives

The primary objective of the **DB Section** of the Scheme is to ensure that the benefit payments are met as they fall due.

To achieve this objective, we have purchased a bulk annuity policy with Just Retirement Limited ("Just") to fully insure the Scheme's DB pension liabilities, that is expected to match the benefits payable to the Scheme's members.

For the Scheme's residual assets, we have agreed an objective to hedge known residual risks.

Our investment objective for the **DC Section** is to provide:

- members with access to an appropriate range of investment options, reflecting the membership profile and the variety of ways that members can draw their benefits in retirement; and
- a suitable default lifestyle investment option for those members previously invested in the Equitable Life With Profits Fund (which was closed on 1 January 2020). The objective for the default option is to generate returns above inflation whilst members are far from retirement, and then gradually reduce risk by switching investments over a 10-year period up to retirement.

All policies relating to the DC default option are covered in this SIP, rather than in a separate SIP, so all of our investment policies are in one document.

Our investment objective for the AVCs is to make available a suitable range of investment options to meet members' risk / return objectives.

The ultimate responsibility for the investment policies, and the setting of investment objectives, lies with the Trustee. The Trustee has, however, delegated responsibility for matters such as recommending and implementing an investment policy to achieve these objectives, to an Investment Sub-Committee ("ISC"). The terms of reference of the ISC have been set out in a separate document which is available to members upon request.

3. Investment strategy

With input from LCP, and in consultation with the employer, we reviewed the investment strategy for the **DB Section** in 2025, having regard for the objectives described in Section 2 above.

In July 2025 we purchased a bulk annuity policy with Just to fully insure the defined benefit pension liabilities.

The majority of Scheme's residual assets outside of the bulk annuity policy are held with BlackRock, invested in a combination of passive gilt and corporate bond funds, and a liquidity fund. The passive gilt and corporate bond funds are held to provide hedging against residual liability risks.

There is no formal rebalancing policy in place. We will monitor the asset allocation over time and will consider, with our advisers, whether it is appropriate to rebalance the assets in line with the investment strategy.

For the **DC Section**, we make available a range of investment funds for members with different levels of expected return. These include customised "lifestyle" strategies and a range of individual equity and bond-based funds as well as a money market fund. Each member is responsible for specifying one or more funds for the investment of their account.

For those members who were affected by the closure of the Equitable Life With Profits fund in 2020, their assets have been invested into a new default option, the Legal & General 50:50 Global Equity 10 Year CPS Lifestyle. This is managed as a lifestyle strategy (ie it automatically combines investments in proportions that vary according to the time to retirement age). The default option initially invests to target a high expected return (making use of equity-based funds) and then gradually switches to investments with a lower expected return and risk (such as government bonds and cash) as members get close to retirement. The default option was selected as the most suitable replacement option available for these members given the at-retirement options previously available to them through the Equitable Life With Profits arrangement.

4. Considerations in setting the investment arrangements

When deciding how to invest the Scheme's assets, it is our policy to consider a range of asset classes, taking account of the funding objectives, expected returns and risks associated with those asset classes. We also take account of our beliefs about investment markets and which factors are most likely to impact the investment outcomes.

For the **DB Section**, details of specific risks (for example credit risk and currency risk) and how we measure and manage those risks is set out in the separate SIP addendum.

In setting the strategy for the DB Section, it is our policy to consider:

- Our investment objectives;
- The circumstances of the Scheme, including the profile of the benefit cash flows (and the ability to meet these in the near to medium term), the funding level, and the strength of the employer covenant; and
- The need for appropriate diversification between / within different asset classes to manage investment risk, in the context of the investment objectives.

In determining the investment arrangements for the **DC Section, including the default option**, and for the AVCs it is our policy to consider:

- The overall best interests of members and beneficiaries;
- The profile of the membership and what this is likely to mean for the choices members might make upon reaching retirement;
- The need for appropriate diversification to manage investment risk within the options made available to DC members (including the default option), and ensure that both the overall level of investment risk and the balance of individual asset risks are appropriate;
- The need for appropriate diversification between and, where appropriate, within the investment options offered to members.
- The balance between investing in illiquid assets, which may improve long-term net risk-adjusted returns, versus providing liquidity to members to allow them to readily access their benefits and/or make changes to their investment arrangements.

We also consider any other factors which we believe to be financially material over the applicable time horizons to the funding of the DB, DC and AVC benefits, including environmental, social and governance ("ESG") factors and the risks and opportunities relating to climate change.

Our key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

- Asset allocation is the primary driver of long-term returns;
- Costs may have a significant impact on long-term performance and therefore obtaining value for money from the investments is important;
- Risk-taking is necessary to achieve return, but not all risks are rewarded. Risks that do not have an expected reward should

generally be avoided, hedged, or diversified;

- Responsible investment in well governed companies and engaging as long-term owners can reduce risk over time and may positively impact Scheme returns;
- ESG factors (including but not limited to climate change) should be considered when making investment decisions, and managers may be able to improve risk-adjusted returns by doing this.

5. Implementation of investment arrangements

Before investing in any manner, we obtain and consider proper written advice from our investment adviser, LCP, in relation to whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

We have a signed contract with Just to hold a bulk annuity policy in respect of the DB pension liabilities.

We have also signed agreements with the investment managers and a platform provider in respect of the DC Section and AVCs, setting out the terms on which the portfolios are to be managed. The DC platform provider makes available the range of investment options to members. There is no direct relationship between the Scheme and the underlying managers of the DC investment funds.

Further details on the investment arrangements are set out in the separate SIP addendum.

Our view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high-quality service that meets the stated objectives, guidelines, and restrictions of their fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement, and portfolio turnover.

It is our responsibility to ensure that the managers' investment approaches are consistent with our policies before any new appointment, and to monitor and to consider terminating any arrangements that appear to be investing contrary to those policies. We expect investment managers to make decisions based on assessments of the longer-term performance of debt/equity issuers, and to engage with issuers to improve their performance (or where this is not appropriate to explain why). We assess this when selecting and monitoring managers.

We evaluate investment manager performance over both shorter- and longer-term periods as available. Except in closed-ended funds where the duration of the

investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. If a manager is not meeting its performance objectives, we will consider alternative arrangements.

Our policy is to evaluate each of our investment managers by considering performance, the role it plays in helping to meet our overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

We recognise that portfolio turnover and associated transaction costs are a necessary part of investment management. Since the impact of these costs is reflected in performance figures used in our assessment of the investment managers, we do not explicitly monitor portfolio turnover. We expect our investment adviser to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

6. Realisation of investments

For the **DB Section**, we expect to be able to meet benefit payments as they fall due using income from the bulk annuity policy. Any additional cash flow requirements can be met from the Scheme's residual assets which are mostly realisable at short notice.

For the **DC Section** (including the default option) and AVCs, our policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments. As a result, investments in the DC default option do not include illiquid assets. We will keep this under review as the marketplace for illiquid DC investment options develops.

7. Financially material considerations and non-financial matters

We consider how ESG considerations (including but not limited to climate change) should be addressed in the setting of the Scheme's investment strategy and in the selection, retention, and realisation of investments, given the time horizon of the Scheme and its members.

We recognise we have a limited influence on the Scheme's approach to ESG, and other financially material considerations now that a bulk annuity policy has been

purchased to insure all member benefits. However, we expect Just to take account of these considerations in its decisions.

We also expect all our investment managers to take account of financially material factors (including climate change and other ESG factors) within the parameters of the mandates they are set. We seek to appoint managers that have the skills and processes to do this, and periodically review how the managers are taking account of these issues in practice, including engaging with managers on this topic at regular ISC meetings.

Outside of the bulk annuity policy, all the Scheme's assets are invested in pooled funds. We have limited influence over managers' investment practices where assets are held in pooled funds, but we encourage our managers to improve their practices within the parameters of their funds.

We do not explicitly consider any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention, and realisation of investments. However, we review, from time to time, whether and how the managers are taking account of non-financial matters, such as by engaging with managers on this topic at ISC meetings.

Within the DC Section and AVCs we recognise that some members may wish for ethical matters to be considered in their investments and therefore have made available an ethical equity fund as an investment option to members.

8. Voting and engagement

We recognise our responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

We have limited influence over the bulk annuity policy provider's stewardship activities. However, in selecting Just as the insurer, we sought to appoint an insurer that has strong stewardship and ESG practices.

Outside of the bulk annuity policy, we seek to appoint managers that have strong stewardship policies and processes, reflecting the principles of the UK Stewardship Code 2020 (including all future iterations) issued by the Financial Reporting Council, and from time to time we review how these are implemented in practice.

We have delegated to the investment managers the exercise of rights attaching to investments, including any voting rights where relevant, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other

investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors.

As all of our investments are held through pooled funds we do not monitor or engage directly with issuers or other holders of debt or equity. However we monitor managers' activities in relation to ESG factors, voting and engagement on a regular basis. We seek to understand how they are implementing their stewardship policies in practice to check that their stewardship is effective and aligned with our expectations.

We have selected some priority ESG themes to provide a focus for our monitoring of investment managers' voting and engagement activities. We review the themes regularly and update them if appropriate. We communicate these stewardship priorities to our managers and also confirm our more general expectations in relation to ESG factors, voting and engagement. If our monitoring identifies areas of concern, we will engage with the relevant manager to encourage improvements.