

Addendum to the Statement of Investment Principles

For the Ultra Electronics Pension Scheme

Effective from: 29 October 2025

This addendum to the Statement of Investment Principles (“SIP”) for the Ultra Electronics Pension Scheme (the “Scheme”) has been produced by the Trustee of the Scheme. It sets out a description of various matters which are not required to be included in the SIP, but which are relevant to the Scheme’s investment arrangements.



Part 1:

Investment governance, responsibilities, decision-making and fees

We have decided on the following division of responsibilities and decision making for the Scheme. This division is based upon our understanding of the various legal requirements placed upon us and our view that the division of responsibility allows for efficient operation and governance of the Scheme overall. Our investment powers are set out within the Scheme's governing documentation.

1. Trustee

Our responsibilities include:

- setting the investment strategy, in consultation with the employer
- setting investment policies, including those relating to financially material factors and the exercise of rights and engagement activities in respect of the investments
- putting effective governance arrangements in place and documenting these arrangements in a suitable form
- monitoring, reviewing, and replacing investment managers, investment advisers, actuary, and other service providers
- monitoring the exercise of investment powers that we have delegated to the investment managers and monitoring compliance with Section 36 of the Pensions Act 1995 (as amended)
- communicating with members as appropriate on investment matters, such as our assessment of our effectiveness as a decision-making body, the policies regarding responsible ownership and how such responsibilities have been discharged
- reviewing the SIP and modifying it as necessary.

We have delegated consideration of certain investment matters to an investment sub-committee ("ISC"), although any decisions remain our responsibility. The terms of reference for the ISC detail its responsibilities.

2. Investment managers and platform provider

The investment managers' responsibilities include:

- managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets
- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments
- providing regular information concerning the management and performance of their respective portfolios
- having regard to the provisions of Section 36 of the Pensions Act insofar as it is necessary to do so.

The investment platform provider for the DC Section and AVCs will be responsible for:

- providing access to a range of funds
- providing us with regular information concerning the management and performance of the assets.

The custodians of the portfolios are responsible for safe keeping of the assets and facilitating all transactions within the portfolios.

3. Bulk annuity provider

The bulk annuity provider's responsibility is to pay the pensions secured under the bulk annuity policy accurately and on a timely basis.

4. Investment adviser

The investment adviser's responsibilities include:

- advising on how material changes within the Scheme's benefits, membership, and funding position may affect the manner in which the assets should be invested
- advising on the asset allocation and the selection, and review, of the investment managers, incorporating its assessment of the nature and effectiveness of the managers' approaches to financially material considerations (including climate change and other ESG considerations)
- for the DC Section, advising on a suitable fund range and default strategy for the Scheme, and how material changes to legislation or within the Scheme's benefits and membership may impact this

5. Fee structures

The provision of investment management and advisory services to the Scheme results in a range of charges to be met, directly or indirectly, by deduction from the Scheme's assets. We have agreed terms of business with the Scheme's investment advisers, actuary and other service providers under which work undertaken is charged for by on a time-cost or fixed fee basis, or with pre-agreed budgets.

The investment managers receive fees calculated by reference to the market value of assets under management and in some cases a performance related fee.

The fee structure used in each case has been selected with regard to existing custom and practice, and our view as to the most appropriate arrangements for the Scheme, and we keep the fee structures under review.

6. Performance assessment

We are satisfied that there are adequate resources to support our investment responsibilities, and that we have sufficient expertise to carry out our role effectively. It is our policy to assess the performance of the Scheme's investments, investment providers and professional advisers from time to time. We will also periodically assess the effectiveness of our decision-making and investment governance processes and will decide how this may then be reported to members.

7. Working with the sponsoring employer

When reviewing matters regarding the Scheme's investment arrangements, such as the SIP, we seek to give due consideration to the employer's' perspective.

Whilst the requirement to consult does not mean that we need to reach agreement with the employer, we believe that better outcomes will generally be achieved if we work with the employer collaboratively.

Part 2:

Policy towards risk

1. Risk capacity and appetite

Risk capacity is the maximum level of risk that we consider to be appropriate to take in the investment strategy. Risk appetite is how much risk we believe is appropriate to take in order to meet the investment objectives. Taking more risk is expected to mean that those objectives can be achieved more quickly, but it also means that there is a greater likelihood that the objectives are missed, in the absence of remedial action. We aim to strike the right balance between risk capacity and risk appetite.

When assessing risk and reviewing the investment strategy, we consider:

- the strength of the employer covenant and how this may change over time
- the Scheme's objectives
- the Scheme's liability profile
- the Scheme's cash flow requirements and employer contributions

When deciding on the current investment strategy, we believed this level of risk to be appropriate given the Scheme's objectives.

2. Approach to managing and monitoring risks

There are different types of investment risk that are important to manage, and we monitor these on a regular basis. These include, but are not limited to:

Risk of insolvency of the bulk annuity provider

As the bulk annuity policy represents the majority of the Scheme's assets, a key risk is that the bulk annuity provider fails to honour its obligations under the policy.

We recognise that this risk cannot be eliminated altogether, however, we note that the strong regulatory regime that applies to insurance companies in the UK, and that the Financial Services Compensation Scheme is expected to provide significant additional protection in the event of insolvency (albeit this is untested to date).

Risk of inadequate returns

For the DC and AVC arrangements, as members' benefits are dependent on the investment returns achieved, it is important that investment options are available which can be expected to produce adequate real returns over the longer term. Accordingly, equity-based funds, which are expected to provide positive returns above inflation over the long term, have been made available to members and feature in the growth phase of the default option. To reduce the chance of a sharp deterioration in members' benefits close to retirement, the Trustee has made available a range of lower risk funds. In addition, the Trustee has made available three lifestyle options.

Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type (eg equities), could materially adversely affect the Scheme's assets. We believe that the Scheme's assets are adequately diversified between different asset classes and within each asset class. We believe that the DC (including the default option) and AVC options also provide a suitably diversified range for members to choose from. This was a key consideration when determining the Scheme's investment arrangements.

Investment manager risk

This is the risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, we receive written professional advice, and we will typically undertake a manager selection exercise. We monitor the investments regularly against their objectives and receive ongoing professional investment advice as to their suitability.

Equity risk

We believe that equity risk is a rewarded investment risk, over the long term. The Scheme is not currently exposed to equity risk within the DB section, as it no longer holds listed or private equity investments (the private equity holdings are in liquidation).

Credit risk

The Scheme is subject to credit risk because it invests in bonds and other money market instruments via pooled funds.

Credit risk is mitigated through the diversification of credit instruments, within and between funds, the application of risk limits by the individual managers as well as security in the form of assets pledged against the debt. Credit risk arising on cash held within financial institutions is mitigated by ensuring cash is held with a diversified range of institutions, which are at least investment grade credit rated.

Currency risk

Whilst the majority of the currency exposure of the Scheme's assets is to Sterling, the Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets. We consider the overseas currency exposure in the context of the overall investment strategy, and believe that it diversifies the strategy and is appropriate.

Furthermore, we manage the amount of currency risk by investing in pooled funds that hedge currency exposure or implement separate currency hedging arrangements.

Interest rate and inflation risk

For the DB Section, the bulk annuity policy removes most of this risk.

Some of the residual assets within the DB section are subject to interest rate and inflation risk because some of the Scheme's assets are held in bonds. However, the interest rate and inflation exposure of these assets hedges the corresponding risks associated with the Scheme's residual liabilities.

Climate-related risks

Climate change is a source of risk, which could be financially material over both the short and longer term. This risk relates to the transition to a low carbon economy, and the physical risks associated with climate change (eg extreme weather). We seek to appoint investment managers who will manage this risk appropriately, and from time-to-time review how this risk is being managed in practice.

Other environmental, social and governance (ESG) risks

ESG factors are sources of risk, which could be financially material over both the short and longer term. These include risks relating to unsustainable or socially harmful business practices, and unsound corporate governance. We seek to

appoint investment managers who will manage these risks appropriately, and from time-to-time review how these risks are being managed in practice.

Illiquidity/marketability risk

For the DC and AVC arrangements, this is the risk that core financial transactions, such as investing members' contributions, are not processed promptly due to lack of liquidity in the investments. We manage this risk by only using pooled funds with daily dealing and, within the lifestyle options (including the default option), diversifying the strategy across different types of investment.

Risk from excessive charges

Within the DC arrangements, if the investment management charges together with other charges levied on, for example, transfers or early retirement are excessive, then the value of a member's account will be reduced unnecessarily. We are comfortable that the charges applicable to the Scheme are in line with market practice and assess regularly whether these represent good value for members.

Valuation risk

Some of the Scheme's DC section assets (such as listed equities) can be valued regularly based upon observable market prices. For other assets (such as property), prices may only be estimated relatively infrequently using one or more of a range of approximate methods – eg mathematical models or recent sales prices achieved for equivalents.

At times of market stress, there is a risk for all assets that the valuations provided by investment managers do not reflect the actual sale proceeds which could be achieved if the assets were liquidated at short notice. This risk is particularly relevant for assets such as property.

Part 3:

Investment manager arrangements

Defined Benefit Section

Just – Bulk annuity provider

The Trustee has purchased a bulk annuity policy with Just Retirement Limited (“Just”) to fully insure the Scheme’s DB pension liabilities.

BlackRock – Government and corporate bonds

The Trustee has made available a range of pooled government and corporate bond funds with BlackRock for the Scheme to invest in. Details of the funds available are set out below.

Government bond funds:

The Scheme can invest in a range of single stock and index tracking UK government bond funds, as detailed below:

- Aquila Life All Stocks UK Gilt Index Fund
- Aquila Life Up To 5 Years UK Gilt Index Fund
- Aquila Life 5-15 Years UK Gilt Index Fund
- Aquila Life Over 15 Years UK Gilt Index Fund
- Aquila Life Over 25 Years UK Gilt Index
- Aquila Life Up To 5 Year UK Index-Linked Gilt Index Fund
- Aquila Life Over 5 Year Index-Linked Gilt Index Fund
- Aquila Life Over 25 Years Index-Linked Gilt Index Fund
- Aquila Life All Stock UK Index-Linked Gilt Index Fund
- Aquila Life 2030 Gilt Fund
- Aquila Life 2040 Gilt Fund
- Aquila Life 2052 Gilt Fund
- Aquila Life 2060 Gilt Fund
- Aquila Life 2068 Gilt Fund

- Aquila Life 2027 Index Linked Gilt Fund
- Aquila Life 2032 Index Linked Gilt Fund
- Aquila Life 2040 Index Linked Gilt Fund
- Aquila Life 2050 Index Linked Gilt Fund
- Aquila Life 2062 Index Linked Gilt Fund
- Aquila Life 2068 Index Linked Gilt Fund

The objective of these funds is to track the performance of select UK fixed interest and index linked government bonds or bond indices, within acceptable tolerance ranges.

The funds are priced daily. They are open ended and unlisted.

Corporate bond fund:

The Scheme can also invest in the Aquila Life Corporate Bond Index Fund Over 15 Years.

- The objective of the fund is to track the performance of the iBoxx Sterling Non-Gilts 15+ Years Index, within an acceptable tolerance range.
- The fund is priced daily. It is open ended and unlisted.

BlackRock – Money Market

The Scheme can invest in Sterling money market instruments via a pooled fund called the BlackRock ICS Sterling Liquidity Fund.

- The objective of this fund is to maximise income consistent with maintaining and ensuring underlying assets can easily be bought or sold in the market. The performance of the fund is measured against a benchmark of the SONIA Overnight rate.
- The fund is daily priced. It is open ended and unlisted.

Patria Investors – Private Market Assets

The Scheme invests in private equity via a pooled fund called the European Strategic Partners 2008 Fund. This fund is currently in liquidation.

- The objective of this fund is to maximise return subject to prudent diversification.
- The fund is priced quarterly. It is closed ended and unlisted.

BlueCrest Capital Management (UK) LLP – Private Market Assets

The Scheme invests in a hedge fund via a pooled fund called the BlueCrest Absolute Return Fund. This fund is currently in liquidation.

- The objective of this fund is to deliver an absolute return of 10% - 15% pa after the deduction of fees over a rolling 3 year period.
- The fund is now in the process of winding down following which, BlueCrest will cease to be an investment manager of the Scheme.

Custody arrangements

We are not responsible for the appointment of the Custodian of the assets contained within the various pooled fund investments. The exception is for assets invested with BlackRock where we have a separate agreement in place with Bank of New York Mellon to act as custodian for these funds. We are comfortable that the Scheme's other investment managers have procedures in place for the appointment and monitoring of the relevant custodians.

Defined Contribution Section and AVC arrangements

We make available a range of self-selection funds and lifestyle strategies. Members are provided with clear information on the investment options and their characteristics, so they can make an informed choice. Members can choose from a range of passively managed self-select funds and three lifestyle strategies. Details of the options are set out below.

The fund options are provided to members via investment only platform arrangements with ReAssure Limited and Clerical Medical. The funds are priced daily. The funds are open ended and are listed.

Lifestyle strategies

There are three lifestyles that members can invest in through the DC platform with ReAssure, as detailed below.

1. Ultra Electronics Annuity Lifestyle:

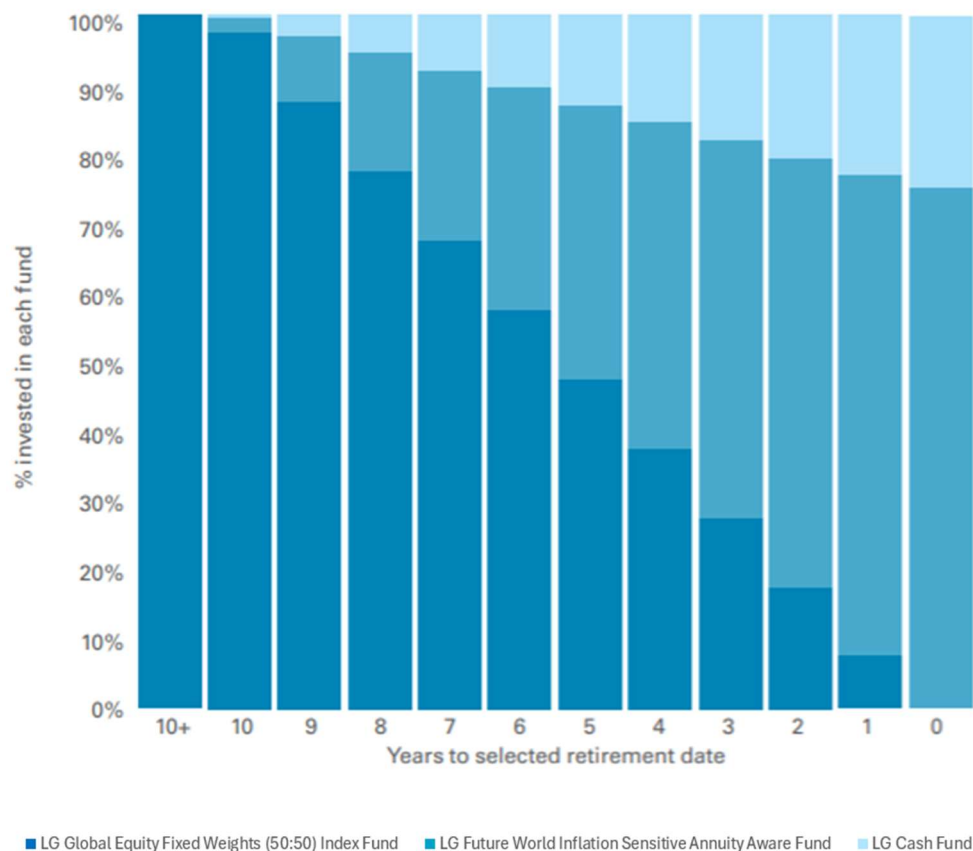
This is intended for those members who wish to draw 25% of their DC / AVC savings as a tax-free lump sum and use the balance to buy a pension. It is designed to gradually reduce investment risk over a 5-year period up to retirement.

2. Ultra Electronics Cash Lifestyle:

This is intended for those members who anticipate taking all of their DC / AVC savings as a tax-free lump sum. It is designed to gradually reduce investment risk over a 10-year period up to retirement.

3. The 50:50 Global Equity 10 Year CPS Lifestyle (the default option):

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, designed to gradually reduce investment risk by switching investments over a 10-year period up to retirement. Details of the strategy are set out below.



Self-select fund options

Fund	Benchmark	Tracking error
ReAssure		
LG Global Equity Fixed Weights (50:50) Index Fund	Composite of 50/50 FTSE UK and overseas equity indices	+/- 0.5% pa for 2 out of 3 years
LG World (ex-UK) Equity Index Fund	FTSE World (ex UK) Index	+/- 0.5% pa for 2 out of 3 years
LG UK Equity Index Fund	FTSE All-Share Index	+/- 0.25% pa for 2 out of 3 years
LG Consensus Index Fund	ABI Mixed Investment 40-85 Shares	N/A
LG AAA-AA-A Corporate Bond All Stocks Index Fund	Markit iBoxx £ Non-Gilts (ex-BBB) Index	+/- 0.5% each year for 2 out of 3 years
LG Future World Inflation Sensitive Annuity Aware Fund	Composite of gilts and corporate bond indices	N/A
LG All Stocks Index Linked Gilts Index Fund	FTSE-A Index Linked (All Stocks) Index	+/- 0.25% each year for 2 out of 3 years
LG Cash Fund	SONIA	N/A
LG Property Fund	AREF/IPD UK Quarterly All Balanced Property Funds Index	N/A
LG Ethical UK Equity Index Fund	FTSE4Good UK Equity Index	+/- 0.25% each year for 2 out of 3 years
Clerical Medical		
Clerical Medical With-Profits Fund	N/A	N/A
Clerical Medical UK Growth Fund	FTSE All Share Index	
Clerical Medical Balanced Fund	ABI Mixed Investment 40-85% Shares	N/A
Clerical Medical Cash Fund	ABI Money Market	N/A