

BDO Pension Scheme – DB Section

Statement of Investment Principles
August 2025

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1. Introduction

This Statement of Investment Principles has been drawn up by the Trustee of the BDO Pension Scheme (“The Scheme”) in accordance with Section 35 of the Pensions Act 1995, amended by Section 244 of the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005, the Pension Protection Fund (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

A copy of this Statement will be made available to Scheme members on request to the Trustee or online.

2. The Decision-Making Process

The Trustee

The investment of the Scheme’s assets is the responsibility of the Trustee and the Scheme Rules gives the Trustee broad powers on investment. There are no restrictions (however expressed) on any power to make investments by reference to the consent of the Employer.

The Trustee’s policy is to seek professional advice on investment strategy. It decides on the investment strategy after considering investment advice from the Investment Consultant. The Trustee recognises that its level of investment expertise must be kept under review in order to be able to critically evaluate this advice.

The Trustee meet regularly and ensure that adequate time is set aside to discuss investment issues. In determining their investment strategy, the Trustee address:

- The need to consider a full range of asset classes.
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.
- The Scheme’s Investment Objectives.

The Investment Consultant

The Investment Consultant advises on an investment strategy appropriate to the investment objectives.

Broadstone Corporate Benefits Limited has been appointed as Investment Consultant to the Trustee on the basis that the Trustee Directors believe it to be suitably qualified and has the appropriate knowledge and experience of the management of the investments of such

schemes. Broadstone is remunerated a fee for its advice and its appointment is reviewed from time to time by the Trustee.

Broadstone Corporate Benefits Limited is authorised and regulated by the Financial Conduct Authority.

The Employer

The Trustee will consult with the Employer as part of the process for deciding on the investment strategy.

3. Investment Objectives

In determining its investment objectives and strategy, the Trustee has considered the strength of the Principal Employer's willingness and ability to support the Scheme.

The Trustee and Employer have adopted a funding and investment approach that secures the Scheme's liabilities with an insurer. This approach places very little assumed reliance on the employer covenant. The Trustee is satisfied that the Employer has the resources to enable the liabilities to be secured in the short term, given that the Trustee has secured the liabilities of the Scheme in full by purchasing a bulk annuity contract with an insurer, and the Employer has resources in place that are expected to be sufficient to meet the majority of the additional expenses to finalise the bulk annuity purchase process and wind the Scheme up.

The Scheme is subject to the Statutory Funding Objective (SFO) introduced by the Pensions Act 2004, i.e. that it should have sufficient and appropriate assets to cover its Technical Provisions, as calculated in accordance with the Trustee's Statement of Funding Principles. However, given the fact that the Trustee has secured the Scheme's liabilities with an insurer, the Trustee has agreed that the funding position measured relative to the cost of the bulk annuity contract is the assessment of scheme funding that is of most importance to the Trustee and members.

The Trustee's investment objectives for the Scheme are to invest sufficient assets in a bulk annuity contract that backs all the liabilities of the Scheme and enables the Trustee to meet all benefits of the Scheme as they fall due prior to the Scheme being wound up.

The Trustee will also have regard to the Employer's views on the potential costs and risks associated with the investment objectives set and their implementation through the practical strategy.

4. Investment Strategy

In June 2025, the Trustee entered into a bulk annuity (buy-in) with Just Retirement Limited ('Just'). The buy-in covered all of the Scheme's pension payment obligations and was financed by the sale of the Scheme's assets.

The most recent investment strategy review was conducted and implemented in June 2025, with the aim of rebalancing the portfolio's allocation to assets which better match the price-lock sensitivities (gilts and index-linked gilts).

At the date of the buy-in transaction, the value of the Scheme's assets was less than the price lock with Just. The Employer made a contribution to meet the shortfall.

The Trustee's policy is not to hold any employer-related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005.

5. Cash flow and Rebalancing

The assets of the Scheme are held in a bulk annuity policy with Just, which covers the benefits payable from the Scheme as they fall due.

6. Expected Return

The Trustee's objective is for the Scheme's assets to move in line with the underlying liabilities on a solvency funding basis.

7. Risks

The Trustee has considered various risks the Scheme faces, including market risk, interest rate risk, inflation risk, default risk, concentration risk, manager risk, and currency risk, and considers that the buy-in policy mitigates these risks, taking account of the strength of the Principal Employer's covenant. Furthermore, the buy-in policy mitigates the risk that the Scheme's funding position is volatile as market conditions change.

The Trustee will monitor the investment, covenant, and funding risks faced by the Scheme with the assistance of its Scheme Actuary at least every three years. The Trustee will consider the appropriateness of implementing additional risk mitigation strategies as part of such reviews.

In addition, the Trustee will review wider operational risks as part of maintaining its risk register.

8. Security of Assets

The day-to-day activities that the insurer carries out for the Trustee are subject to regular internal reviews and external audits by independent auditors to ensure that operating procedures and risk controls remain appropriate.

Safe-keeping of the Scheme's assets held with the insurer is performed by custodians appointed by them.

The Trustee has considered the security of the Scheme's holdings with the insurer, allowing for its status as a reputable regulated insurance company, subject to solvency capital requirements and insurance oversight arrangements, and considers these protections to be reasonable and appropriate.

9. Responsible Investment & Stewardship

The Trustee believes that to protect and enhance the value of the investments, during the period over which the benefits are paid, it must act as a responsible asset owner.

The Scheme is also comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustee therefore does not explicitly seek to reflect any specific views through the implementation of the investment strategy, both financial and non-financial.

Following the purchase of a bulk annuity policy, the Scheme no longer holds any assets over which the Trustee can exercise investment discretion in light of environmental, social and governance ('ESG') considerations. The Trustee expects the insurer to take financially material ESG factors into account, given the active management style of the insurer's assets backing their bulk annuity policies. The Trustee also expects the insurer to engage with investee companies, where possible.

The voting policies of Just can be found at the following website:

<https://www.justgroupplc.co.uk/about-us/governance>

10. Conflicts of Interest

The Trustee maintains a separate conflicts of interest policy and register.

Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the insurer, while also setting out a process for their management.

11. Monitoring

The Trustee will consider on a regular basis whether the insurer remains appropriate to continue to manage the Scheme's investments.

12. Review of this Statement

The Trustee will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believes to be qualified by their ability in, and experience of, financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

For and on behalf of BDO Pension Trustee No2 Limited

Date

For and on behalf of the Employer

Date

Appendix A Investment Strategy Implementation Summary

A.1 Asset Allocation

The Trustee purchased a bulk annuity (buy-in) from Just Retirement Limited ('Just') in June 2025. The contract is held in the Scheme's name and is an asset of the Scheme. As the insurance company, Just will guarantee the Scheme's ongoing cash flow needs for future benefit payments as projected for the participants and agreed in the contract.

A.2 Buy-in Provider

The Trustee entered into a contract with Just in June 2025.

Just is authorised and regulated by the Prudential Regulation Authority as well as regulated by the Financial Conduct Authority.

A.3 Assets

The Trustee invests all assets of the Scheme in a bulk annuity policy with Just.

A.4 Target Hedging Ratios

There are no explicit target hedging ratios against the interest rate risk and inflation risk on the Scheme. However, the Just bulk annuity policy has an objective to meet all benefits of the Scheme as they fall due. Therefore, the bulk annuity policy provides full protection against any changes in the value of the underlying liabilities as interest rates and/or inflation expectations change.

A.5 Objectives

The Just bulk annuity policy has an objective to meet all benefits of the Scheme as they fall due.

A.6 Additional Voluntary Contributions (AVCs)

Members are not permitted to make AVCs to the Scheme. AVCs previously paid by members are invested with Phoenix Life Limited and ReAssure Limited.