NN Pension Scheme

Statement of Investment Principles

October 2026

1. Introduction

The Trustee of the NN Pension Scheme has prepared this Statement of Investment Principles ('SIP') for the Scheme with effect from October 2026. It has been prepared in accordance with applicable legislation, taking into account guidance from The Pension Regulator and written advice from an independent investment adviser as required.

The purpose of the SIP is to set out Trustee's investment strategy in high level, including the investment objectives, investment strategy and other investment policies Trustee has adopted for any assets remaining in the Scheme following a full Scheme buy-in transaction with an insurer.

The Trustee must review the SIP in consultation with the Sponsoring Employer at least every three years; and without delay after any significant change in investment policy or circumstances of the Scheme. The Trustee last reviewed this SIP in October 2025.

2. Scheme governance

The Trustee is responsible for the governance of the Scheme's assets and the investment of these assets in the best interests of members and beneficiaries. The Trustee exercises its powers of investment in accordance with the Trust Deed and Rules of the Scheme and applicable law. Where the Trustee is required to make an investment decision, the Trustee must receive advice from the relevant advisers first. It believes that this ensures that it is appropriately familiar with the issues concerned.

Until the buy-out of members' benefit has been completed, the Trustee is responsible for decisions concerning any assets remaining in the Scheme. Schroders Solutions' fiduciary management appointment has ended on 17 July 2026. The Trustee will identify any investment manager responsible for the remaining assets and oversee any appointment in place.

Where an investment manager is appointed, the Trustee expects the manager to act in line with the Trustee's investment objectives. The Trustee will review the manager's performance, remuneration, transaction costs and the duration of the arrangement as appropriate. It does not set a target for portfolio turnover; any transactions should reflect the management or realisation of remaining assets. Incentives for long-term issuer engagement are of limited relevance given the remaining investment horizon. Where no investment manager is appointed, these arrangements do not apply.

The Trustee keeps the governance of the remaining assets under review and will take investment advice where required.

3. Investment objectives and strategy

The primary objective of the Trustee of the Scheme with regard to investment policy is to meet the benefit payments promised to the Scheme's members as they fall due. The Trustee entered into a bulk annuity insurance transaction with Aviva in June 2025. This transaction is currently held as a buy-in policy, and members' benefits have not yet been bought out. Under the terms of the contract, Aviva is committed to paying the retirement benefits due to all members and beneficiaries that were included in the contract. Its investment objective for any remaining Scheme assets is to preserve capital, maintain access to funds as needed and manage the assets prudently until they are realised or otherwise applied in accordance with the Scheme's requirements.

Given the protection provided by the buy-in policy, the Trustee no longer requires investment returns to meet any outstanding liabilities, the Trustee's objective is no longer framed with reference to a liability-related objective. Any remaining assets will be held in an appropriate form, having regard to the Scheme's expected needs and the time until they are required.

4. Monitoring

The Trustee monitors any remaining Scheme assets and the arrangements for their management, having regard to their nature and value.

Where the Trustee appoints an investment manager, it monitors that investment manager's activities against the agreed objectives and this SIP.

5. Risk management

The Trustee recognises the risks involved in the investment of the assets of the Scheme. The Trustee will keep these risks and how they are measured and managed under regular review. The main risks include, but not limited to:

– **ESG risk including Climate risk** – the risk of adverse performance due to ESG related factors including climate change. This is addressed by the Trustee's Risk Transfer adviser carrying out an ESG assessment at the point of buy-in policy provider at the point of transaction.

– **Insurer default/credit risk** – The risk of a default by the bulk annuity provider (buy-in insurer). The Trustee and its Risk Transfer Adviser considered the strength of the insurer before transacting the policy with the insurer whilst considering the wider regulatory framework within which they are required to operate.

6. 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 considers 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 expects the investment managers to take financially material considerations into account, as appropriate, in the retention and realisation of remaining assets. Their relevance depends on the nature of the asset and the period for which it is expected to remain in the Scheme.

Given the nature of the Scheme's buy-in policy, the Trustee believes there is limited scope to influence the ongoing ESG related activities of the insurer hence the Trustee will not actively seek to monitor its activities and policies in relation to ESG-related financial material considerations. Should the Trustee be provided with any opportunity which it deems appropriate to engage its insurer, it will consider the ESG-related financial material considerations and will outline its views and expectations of the insurer. The Trustee considered ESG capabilities of the insurer as part of the tendering process which resulted in selecting Aviva as the buy-in provider. Trustee was comfortable with the insurer's approach and system in ESG-related aspect.

7. 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.

8. Stewardship

The Trustee is responsible for developing its own stewardship policy which includes both voting (where applicable) and engagement. The Trustee believes proper stewardship will result in better management of financially material ESG and climate related risks and opportunities. This is expected to improve the long-term financial outcomes of the Scheme which ultimately is in the best interests of the Scheme's members and beneficiaries.

The Trustee expects the investment managers to exercise any applicable investment rights and to undertake relevant engagement in accordance with its own policies, where appropriate for the remaining assets. The Trustee reviews, monitors and challenges the investment managers where necessary in relation to the voting and engagement activities of them.

Given the nature of the Scheme's buy-in policy, the Trustee believes there is limited scope to influence the ongoing stewardship activities of the insurer hence the Trustee will not actively seek to monitor its activities and policies unless there is future opportunity for the Trustee to do so.