

STATEMENT OF INVESTMENT PRINCIPLES
THE NIPPON EXPRESS (UK) PENSION SCHEME

January 2026

1. Introduction

This document is the “Statement of Investment Principles” (SIP) for The Nippon Express (UK) Pension Scheme (the Scheme). It has been produced in accordance with the requirements of Section 35 of the Pensions Act 1995, Section 244 of the Pensions Act 2004, the Occupational Pension Scheme (Investment) Regulations 2005 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

The arrangement is a Defined Benefit Occupational Pension Scheme and was closed with no further service accrual with effect from 30th May 2012. In addition, some members may have benefits in respect of additional voluntary contributions that are held on a money purchase basis. The Scheme was not contracted out of the State Earning Related Pension Scheme.

At the latest Actuarial Valuation Report as at 31st March 2024, the Scheme Technical Provisions funding level was 102.7% on the “ongoing” valuation basis.

On account of the funding position the Scheme meets its own management costs.

2. Preparation and review of the SIP

Before preparing this SIP, the Trustee has consulted with the Employer.

The Trustee is responsible for the investment strategy of the Scheme and has obtained written investment advice from their Investment Adviser, Professional Pensions and Investments Limited (PPI). The Trustee believes that PPI has suitable knowledge, qualifications and experience to offer this investment advice and otherwise fulfils the legislative requirements to be able to offer financial advice.

The Trustee has considered when to take advice, the circumstances of that advice, the types of investments to be held and when to seek further investment advice.

This document was prepared with an effective date of 3rd January 2026 and will be reviewed no later than the earlier of 2nd January 2029 or immediately after a significant change in the Scheme's investment policy.

The Trustee is aware of the penalties for failing to comply with the Pension Act 1995, the Pensions Act 2004 and subsequent regulations.

3. Scheme Objectives

The Scheme objective is the security of rights and expectations of the members in order to provide the benefits due.

The Trustee will use prudent assumptions to ensure the Scheme is appropriately funded. Where an actuarial valuation shows a deficit, a recovery plan is put in place, taking into account the financial wellbeing of the Employer.

4. Investment Objective

The Trustee investment objective is to invest the Scheme assets to meet the current Scheme liabilities. The estimated liabilities consist of a series of projected cash flows calculated on assumptions contained within the actuarial valuation.

The Trustee has chosen investments that they believe will achieve this objective, whilst maintaining an appropriate degree of risk and diversification in the Scheme. The Trustee recognises that greater allocation to more defensive assets may provide more Scheme security. The Trustee has considered both the Employer's ability to fund the Scheme and that some investment risk should be taken in order to reduce the cost of providing future benefits.

5. Strategic Asset Allocation

The Trustee acknowledges that when setting the strategic asset allocation there may be significant investment risk. These risks are considered all the time. The Trustee takes appropriate investment advice and reviews the existing investment strategy when required.

The Trustee considers the Employer covenant when setting the strategic asset allocation. The Employer covenant will be monitored by receiving periodic financial updates from the Employer, where the Trustee may reconsider the suitability of the existing investment strategy.

The Trustee monitors the risks associated with the underlying fund managers on a regular basis in conjunction with the investment reports received.

The Trustee understands the investment risk in meeting the Scheme objectives will arise from the chosen asset allocation. The Trustee retains the responsibility for selecting the asset allocation after consulting with the Employer and taking advice from PPI.

The Trustee has decided that a diverse investment approach using pooled funds is appropriate considering the size of the Scheme. The Trustee will regularly review this decision. Within the range of pooled funds used the day to day investment management is

delegated to fund managers to ensure the security, liquidity and quality of the portfolio. The Trustee will select and review the performance of the fund managers against their specific benchmarks on the advice of PPI. The fund managers are responsible for the appointment and monitoring of the custodian of the pooled fund assets.

The Trustee receives performance reports and fund specifications. These include information, where appropriate, on duration, turnover, ethical, environmental, social, governance, and underlying holdings. These can be compared by the Trustee to the objectives and fund specification that the Trustee has appointed the manager for.

6. Investment Policy

The Trustee policy is to achieve the investment objective by investing in a combination of defensive assets that provide a close link to the Scheme liabilities, low risk assets that aim to provide a return that marginally exceeds the liability and growth assets with the aim of providing real returns, by type, at an acceptable level of risk.

In establishing the investment policy the Trustee has considered the historical and expected future returns of each asset class. The Trustee has considered equity funds may provide returns higher than the assumed actuarial rate of return to match the Scheme liabilities. Such assets can assist in meeting the expenses of the Scheme.

The investment strategy is implemented by delegating the day to day management of assets to the specialist investment managers. The Trustee may employ more than one investment manager to limit the risk of underperformance.

To minimise underlying fund management costs the Trustee, where appropriate, is inclined to use passively managed (index tracking and buy and hold / maintain) funds.

To provide some management to the risk associated with equities but with a broadly comparable expected return over the medium term, the Trustee invests in diversified growth funds. The Trustee recognises the wide universe of diversified growth funds and may minimise the risk by selecting a range of investment managers within this asset class.

For Gilt and Index-Linked Gilt assets the Trustee may use passive funds combined, where appropriate, with a buy and hold approach.

To provide some management to the investment risk associated with equities, but with a broadly comparable expected return over the medium to long term, the Trustee will use Diversified Growth Funds.

The Trustee will hold cash assets to facilitate management of the Scheme. This may be in both the Trustee bank account and money market funds.

There will be adequate investments in liquid and readily realisable assets to meet expected and occasional unexpected cash flow requirements in all foreseeable circumstances.

7. Investment Risk

Prior to deciding to take investment risk relative to the liabilities, the Trustee has reviewed the most recent actuarial comments within the actuarial valuation report regarding key risks and uncertainties that could affect the funding position. The Trustee has also received advice from PPI and held discussions with the Employer.

In particular, the Trustee considered carefully the following possible consequences:

- The assets may not achieve the return required to meet the liabilities. This would result in a deterioration in the Schemes financial position and potentially Employer contributions at a future date
- Diversified Growth investments may produce a return that is not correlated with the liabilities of the Scheme. A fall in equity value may reduce the funding level and increase the shortfall within the Scheme

The inclination of the Trustee to take investment risk, and the level of tolerance to risk, is dependent on the continuing financial strength of the Employer and their willingness and ability to contribute to the Scheme. The Trustee will consider reducing the investment risk relative to the liabilities should either of these deteriorate.

The Trustee reviews the Scheme investment performance on a regular basis, taking advice from PPI. The Trustee is aware of the benchmarks for the underlying funds and believes collectively they are suitable to meet the Trustee objective in maintaining an appropriate level of risk within the Scheme. If the Trustee identifies any significant issues relating to the performance or other risk management matters, they will seek further advice from PPI.

The Trustee does not hold any investments in the Employer and does not intend to make such investments.

8. Existing Asset Allocation

The Scheme investments are held on the Mobius Platform. The pooled investments are held in a range of asset classes and duration. The purpose is to limit excessive reliance on any one particular asset. The Scheme's strategic asset allocation is driven by the financial characteristics of the Scheme such as:

- The duration of the liabilities
- The sensitivity of value of the liabilities to future inflation and interest rates
- The risk tolerance of the Trustee and the Employer
- The overall investment benchmark and asset spread

As a result of the current investment review the asset classes of the underlying Trustee investments will be held in the following approximate proportions:

Growth Funds

Diversified Growth Funds 07%

Defensive Funds

Buy and Maintain Gilt Index Funds 45%
 Buy and Maintain Index Linked Gilt Funds 42%
 Cash Funds 06%

The Trustee believes that these proportions will be broadly stable although some variation is expected due to relative change in asset values and cash flow. These are approximate guidelines only.

9. Additional Voluntary Contributions (AVC)

Assets in respect of member’s AVCs are invested in pooled investments with Standard Life. The members concerned are aware of the characteristics of these arrangements via an announcement issued by the Trustee at the time of making the investment. Values of the pooled investments are not guaranteed and may fall as well as rise.

10. Expected Rate of Return

Over the long term, the Trustee expectation of the diversified growth asset is to at least keep pace with inflation. The Trustee believes that fixed interest investments may provide a return that is likely to be both lower and more stable than the other asset classes. Although a lower return is expected, the fixed interest holdings may reduce the level of overall volatility of the Scheme relative to the funding standard. The following asset classes are measured against their relevant benchmarks.

Asset Class	Benchmark
Diversified Growth Funds	See below*
Gilt Funds	FTSE Actuaries Conventional Gilts Index
Index-Linked Gilts Funds	FTSE Actuaries UK Index-Linked Gilts Index
Cash Funds	SONIA

*Due to the structure of a Diversified Growth Fund the benchmark will be a composite return specific to the fund. The nature of a Diversified Growth Fund is to provide capital appreciation whilst limiting the downside risk.

11. Realisation of Investments

The Scheme investments are held in unitised funds with leading institutional investment managers. Accordingly, the Trustee is comfortable that due to the liquidity of these funds and their underlying investments, the units can be realised when required. There is a documented procedure between the Trustee and Mobius Life as operator of the investment platform that states that only authorised signatories can realise investments.

12. Ethical, Environmental, Social and Governance (ESG) Investment Considerations

The Trustee believes that companies with good stewardship and governance could help to build sustainable business models and are beneficial to society. The Trustee also appreciates sustainable investing extends to “inclusion and diversity”. The Trustee and their adviser will seek pooled fund managers that hold an ESG culture without creating a prejudicial financial impact to the Scheme. The Trustee does review and will continue to review from time to time the policies operated by each fund manager in respect of corporate governance, environmental, social governance, ethical and diversity issues.

With specific regard to climate change impact the Trustee monitors the actions of their investment managers and may consider the suitability of their market capitalisation approach and fund structure relative to the indices. The Trustee has significantly derisked the Scheme assets relative to the funding liability.

13. Voting Rights

As the Trustee is invested in units of pooled funds voting rights as such do not pass to the Trustee.

The Trustee receives information from the underlying investment managers on how they exercise the voting rights entrusted to them on behalf of the Scheme and in the interests of the members. These matters are considered at Trustee meetings. The Trustee, via the investment adviser, encourages the investment managers to engage with companies that they invest in on matters relating to beneficial ESG issues. Note, there are rarely any voting rights attached to Gilt and Bond funds.

14. Representation

The Trustee invests the money on behalf of the members of the Scheme and after consultation with the Employer. The Trustee welcomes comment from the members on matters of governance decisions. Contact information is provided in the Annual Report and Financial Statements produced by the Trustee.

January 2026