

Candy Kelco Pension Scheme (“the Scheme”)

Statement of Investment Principles (“SIP”)

Introduction

This SIP has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004) (“the Act”), and the Occupational Pension Schemes (Investment) Regulations 2005. As required under the Act, the Trustees of the Candy Kelco Pension Scheme (the “Trustees”) have consulted a suitably qualified person. The Trustees, in preparing this SIP, have also consulted Kelco Limited (the “Sponsoring Employer”).

The effective date of this SIP is 25 June 2026. The Trustees will review this SIP at least every three years and following any significant change in investment policy. The Trustees will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

Investment Objective

The Trustees aim to invest the assets of the Scheme prudently with the intention that the benefits promised to members are provided. The Trustees have fully insured these benefits to minimise the risk that the Scheme is unable to meet this objective.

Strategy:

During the second quarter of 2026, the Trustees invested in a Bulk Purchase Annuity Agreement (“Annuity Policy”) with Just (the “Insurer”), designed to fully match the liabilities for the membership of the Scheme and to eliminate the interest rate, inflation and longevity risk associated with the Scheme’s liabilities.

In addition to the Annuity Policy, the Scheme holds cash balances, that are expected to be fully liquidated to align with buyout timeframes.

The overall strategy was determined with regard to the actuarial characteristics of the Scheme, in particular the strength of the funding position, the liability profile, cashflow requirements, the return requirements and the risk appetite of the Trustees and Sponsoring Employer. Development of the strategy included modelling of the assets and liabilities.

When choosing the Scheme’s overall strategy, the Trustee considered written advice from their investment advisers and, in doing so, addressed the following:

- 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 in context of the investment objectives of the Trustee and sponsor Company.
- The need for appropriate diversification.

The Trustees also consulted with the Sponsoring Employer when setting this strategy.

Risk Management:

The Trustees have identified several risks to the Scheme. These are as follows:

- The key risk to the Scheme is that it has insufficient assets to provide for 100% of its liabilities (“funding risk”). Funding risk is addressed by insuring liabilities through the Annuity Policy.
- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors (“mismatching risk”). The Trustees and their advisers considered this mismatching risk when setting the investment strategy, however this risk has reduced significantly with the Annuity Policy now in place.
- The risk of a shortfall of liquid assets relative to the Scheme’s immediate liabilities (“cash flow risk”). The Trustees and their advisers manage the Scheme’s cash flows taking into account the timing of future payments in order to minimise the probability that this occurs. The Insurer is responsible for providing the cash for benefit payments covered by the Annuity Policy, the risk that it defaults on the obligation is covered under ‘Annuity Policy default risk’ below
- The possibility of failure of the Scheme’s Sponsoring Employer (“covenant risk”). The Trustees and their advisers considered this risk when setting investment strategy and consulted with the Sponsoring Employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence (“operational risk”). The Trustees have sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.
- The risk that the Insurer fails to make the pension payments covered by the Annuity Policy as they fall due (“Annuity Policy default risk”). The Trustees considered the credit strength of the Insurer as part of their due diligence process. Having considered this, in addition to several other factors including the regulatory environment provided by the Financial Conduct Authority and the Prudential Regulation Authority, and other protections available (e.g., the Financial Services Compensation Scheme), as well as following advice from their Risk Settlement Consultants, the Trustees considered this to be an appropriate investment for the Scheme.

Implementation:

Aon provides investment advice, ensuring the Trustees are informed and decisions are monitored.

The Annuity Policy is a qualifying insurance policy. The Insurer is responsible for the management of its assets and is expected to invest in a prudent approach to meet required obligations under each policy

Responsible Investment:

The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as this ultimately creates long-term financial value for the Scheme and its beneficiaries.

The strategy aims to act in the best financial interests of beneficiaries, considering Environmental, Social and Governance factors (ESG). The Trustees elected to invest the majority of the Scheme's assets in an Annuity Policy and have limited ability to influence the ESG policies and practices of the Insurer.

The Trustees accept responsibility for how the Insurer stewards assets on their behalf, including the casting of votes in line with its voting policies. The Trustees do not attempt to influence the stewardship policies and practices of the Insurer.

The Trustees considered ESG and stewardship policies of the Insurer at the point of purchasing the Annuity Policy, to the extent it was practical, to ensure the policies were in line with the Trustees' beliefs.

Cost and Performance Monitoring:

The Trustees paid a premium to the Insurer when the Annuity Policy was initiated, and as a result there are no ongoing fees in respect of the policy (where the majority of the Scheme's assets are held).

Given the nature of the Annuity Policy and the fact that the Trustees do not directly remunerate the Insurer, the Trustees consider it unnecessary to monitor the Insurer's performance.

Governance:

The Trustees are responsible for identifying appropriate investment objectives, under guidance from their advisers.

The Trustees are responsible for the investment of the Scheme's assets. The Trustees take some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate, the Trustees have considered whether they have the appropriate training and expert advice to take an informed decision.

In setting and implementing the Scheme's investment strategy the Trustees do not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as non-financial factors).

The Act distinguishes between investments where the management is delegated to a fund manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The Trustees' Annuity Policy with the Insurer is classified as a direct investment. The day-to-day management of the assets are delegated to the Insurer.

Signed: A Bokhari Date: 6th July 2026

On behalf of the Trustees of the Candy Kelco Pension Scheme