

Wheelabrator Group Pension Scheme

Statement of Investment Principles

April 2026

Preface

Scheme background

This Statement of Investment Principles (the 'SIP') details the principles governing investment decisions for the Wheelabrator Group Pension Scheme (the 'Scheme').

The Scheme operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries, and provides benefits calculated on a defined benefit (DB) basis. The Scheme is closed to new entrants. The Scheme is closed to future accrual.

Regulatory requirements and considerations

Under the Pensions Act 1995 (the 'Act') and subsequent legislation, principally the Occupational Pension Schemes (Investment) Regulations 2005 (the 'Investment Regulations'), the Trustees must ensure that a written statement of the principles governing investment decisions is prepared and maintained for the Scheme.

This SIP also reflects the requirements and recommendations within The Pensions Regulator's general code of practice, in respect of DB assets and any additional voluntary contribution (AVC) arrangements.

The Trustees are responsible for all aspects of the operation of the Scheme including this SIP.

In agreeing their investment strategy, the Trustees have had regard to:

- The requirements of the Act concerning suitability and diversification of investments and the Trustees will consider those requirements on any review of this SIP or any change in the investment policy.
- The requirement of the Investment Regulations: in particular that assets held to cover the Scheme's technical provisions must also be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme.
- In respect of the additional voluntary contribution (AVC) arrangements provided on a money-purchase basis, the Trustees have taken into account the requirements and recommendations within the Pensions Regulator's code of practice 13: Governance and administration of occupational trust-based schemes providing money purchase benefits and regulatory guidance. Information on the Trustees' approach to investment matters within the AVC arrangements is included within this SIP.

Responsibilities and appointments

Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Scheme. The Trustees draw on the expertise of external persons and organisations including the investment consultant, the investment managers and the Scheme Actuary. Full details are set out in this SIP.

Consultation

In accordance with the Act, the Trustees have obtained and considered written advice from Gallagher (Administration & Investment) Limited (the investment consultant) prior to the preparation (or revision) of this SIP and have consulted Wheelabrator Group Limited ('the Sponsoring Employer'). However, it should be noted that neither the Trustees (nor any investment manager to whom they have delegated any discretion to make decisions about investments) shall require the consent of the Sponsoring Employer to exercise any investment power.

History and review

The Trustees will review this SIP at least every three years and without delay after each significant change in investment policy, taking note of any changes in the Scheme's liabilities. Once agreed, and after consultation with the Sponsoring Employer, a copy of this SIP will be given to the Scheme Actuary and will be made available to Scheme members on request. In addition, this SIP will be published on a publicly available website.

Previous versions of this SIP are dated:

SIP dated October 2024

SIP dated September 2023

SIP dated September 2020

SIP dated October 2019

SIP dated January 2013

SIP dated October 2010

Contents

Statement of Investment Principles	1
Investment governance structure	1
Investment strategy and objectives	1
The Trustees' policy in relation to the kinds of investments to be held	2
The Trustees' policy in relation to the balance between different kinds of investments	3
The Trustees' policy in relation to the expected return on investments	3
The Trustees' policy in relation to the realisation of investments	3
The Trustees' policy in relation to financially material considerations	3
The Trustees' policy in relation to the extent to which non-financial matters are taken into account	4
Risk capacity and risk appetite	4
The Trustees' policy in relation to risks	4
Stewardship in relation to the Scheme's assets	5
Investment management monitoring	5
The Trustees' policy in relation to engagement and monitoring	6
The Trustees' policy in relation to peer-to-peer engagement	7
The Trustees' policy in relation to voting rights	7
The Trustees' policy in relation to their investment managers	7
Employer-related investments	9
Additional voluntary contributions (AVCs)	9
Appointments and responsibilities	11
Compliance	14

Statement of Investment Principles

Investment governance structure

All investment decisions are taken by the Trustee Board as a whole. The Trustees believe that collective responsibility is the appropriate structure, given the size of the board, except for specific projects when an investment sub-committee may be set up. The Trustees will undertake training where appropriate to ensure they have the necessary expertise to take the decisions required and to evaluate critically the advice received.

All investment decisions relating to the Scheme are under the control of the Trustee Board without constraint by the Sponsoring Employer. The Trustees will consult with the Sponsoring Employer when changing this SIP.

All day-to-day investment decisions are delegated to appropriately qualified and authorised investment managers of pension scheme portfolios. Investment management agreements and/or an insurance contract have been exchanged with the investment managers and are reviewed from time-to-time to ensure that the manner in which they make investments on behalf of the Trustee Board is suitable for the Scheme, and appropriately diversified.

Investment strategy and objectives

The Scheme's investment strategy has been agreed by the Trustees having taken advice from the investment consultant in relation to the suitability of investments and the need to diversify and takes due account of the Scheme's liability profile along with the level of disclosed surplus or deficit.

The agreed investment strategy is based on an analysis of the Scheme's liability profile, the required investment return and the returns expected from the various asset classes over the long-term. Long-term returns from equities are expected to exceed the returns from bonds and cash, although returns and capital values may demonstrate higher volatility. The Trustees are prepared to accept this higher volatility in order to aim to achieve the overall investment objectives.

The Trustees' primary objectives are:

- To provide appropriate security for all beneficiaries.
- To achieve long-term growth sufficient to provide the benefits from the Scheme.
- To achieve an appropriate balance between risk and return with regards to the cost of the Scheme and the security of the benefits.

- The Trustees have translated their objectives into a suitable strategic asset allocation benchmark for the Scheme, details of which are included in the Scheme's Statement of Investment Arrangements.
- In accordance with the Financial Services & Markets Act 2000, the Trustees are responsible for setting the general investment policy, but the responsibility for all day-to-day investment management decisions has been delegated to investment managers authorised under the Act. Details are included in the Scheme's Statement of Investment Arrangements.
- The Trustees are responsible for reviewing both the Scheme's asset allocation and investment strategy as part of each actuarial valuation in consultation with the Scheme's investment consultant. The Trustees may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where necessary.
- The Trustees consider the Scheme's current strategic asset allocation to be consistent with the current financial position of the Scheme.

The Trustees' policy in relation to the kinds of investments to be held

The Trustees have full regard to their investment powers as set out in Rule 8 of the Trust Deed and Rules dated 5 May 2005.

The Scheme may invest in quoted and unquoted securities of UK and overseas markets including:

- Equities.
- Credit and other debt related assets.
- Fixed interest and index-linked bonds.
- Cash.
- Property.
- Private equity.
- Hedge funds and pooled investment vehicles considered appropriate for tax-exempt registered occupational pension schemes.

The Trustees have considered the attributes of the various asset classes (including derivative instruments), these attributes being:

- Security (or quality) of the investment.
- Yield (expected long-term return).
- Spread (or volatility) of returns.
- Term (or duration) of the investment.
- Exchange rate risk.
- Marketability/liquidity (i.e. the tradability on regulated markets).
- Taxation.

The Trustees consider all of the stated classes of investment to be suitable to the circumstances of the Scheme. The Scheme invests (mostly) in pooled funds, other collective investment vehicles and cash. The Trustees have made the decision to invest the majority of assets in pooled funds because:

- The Scheme is not large enough to justify direct investment on a cost-effective basis.
- Pooled funds allow the Trustees to invest in a wider range of assets, which serves to reduce risk.
- Pooled funds provide a more liquid form of investment than certain types of direct investment.

The Trustees' policy in relation to the balance between different kinds of investments

The appointed investment managers will hold a diversified mix of investments in line with their agreed benchmarks and within their discretion to diverge from the benchmark. Within each major market each manager will maintain a diversified portfolio of securities. Full details are set out in the Scheme's Statement of Investment Arrangements.

The Trustees' policy in relation to the expected return on investments

The investment strategy is believed to be capable of exceeding, in the long run, the overall required rate of return assumed in the Scheme Actuary's published actuarial valuation report in order to reach / maintain a fully funded status under the agreed assumptions.

The Trustees' policy in relation to the realisation of investments

In the event of an unexpected need to realise all or part of the assets of the portfolio, the Trustees require the investment managers to be able to realise the Scheme's investments in a reasonable timescale by reference to the market conditions existing at the time the disposal is required and subject to the best interests of the Scheme. The majority of the assets are not expected to take an undue time to liquidate.

The Trustees' policy in relation to financially material considerations

The Trustees expect their investment managers, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process.

The Trustees have reviewed the investment managers' policies in respect of financially material considerations and are satisfied that they are consistent with the above approach.

The Trustees' policy in relation to the extent to which non-financial matters are taken into account

The Trustees' objective is that the financial interests of the Scheme members is their first priority when choosing investments. The Trustees have decided not to take members' preferences into account when considering these objectives.

Risk capacity and risk appetite

The Trustees, after seeking appropriate investment advice, have selected a strategic asset allocation benchmark for the Scheme including control ranges for each asset class and or geographic region (see the Scheme's Statement of Investment Arrangements).

Subject to their respective benchmarks and guidelines (shown in the Scheme's Statement of Investment Arrangements) the investment managers are given the appropriate discretion consistent with the guidelines of their mandates.

The Trustees are satisfied that the investments selected are consistent with their investment objectives, particularly in relation to diversification, risk, expected return and liquidity.

Given the size and nature of the Scheme, the Trustees have decided to invest the Scheme's assets on a pooled fund basis. All such investments are effected through direct agreements with the investment managers, through an insurance contract or through the Legal and General investment platform.

The Trustees are satisfied that the range of vehicles in which the Scheme's assets are invested provides adequate diversification.

The Trustees' policy in relation to risks

The Trustees consider the main risk to be that of the assets being insufficient to meet the Scheme's liabilities as they fall due. The Trustees have assessed the likelihood of undesirable financial outcomes arising in the future.

Investment policies are set with the aim of having sufficient and appropriate assets to cover the Scheme's Technical Provisions, and with the need to avoid undue contribution rate volatility.

In determining their investment strategy, the Trustees received advice from the investment consultant as to the likely level of investment risk relative to the Scheme's liability profile. Taking this into account, along with the expected returns underlying the most recent actuarial valuation, the strategy outlined in the Scheme's Statement of Investment Arrangements has been adopted.

Although the Trustees acknowledge that the main risk is that the Scheme will have insufficient assets to meet its liabilities, the Trustees recognise other contributory risks, including the following. Namely the risk:

- Associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors.
- Of the Scheme having insufficient liquid assets to meet its immediate liabilities.
- Of the investment managers failing to achieve the required rate of return.
- Due to the lack of diversification of investments.
- Of failure of the Scheme's Sponsoring Employer to meet its obligations.

The Trustees manage and measure these risks on a regular basis via actuarial and investment reviews, and in the setting of investment objectives and strategy.

The Trustees undertake monitoring of the investment managers' performance against their targets and objectives on a regular basis.

Each fund in which the Trustees invest has a stated performance objective by which investment performance will be measured. These are shown in the Scheme's Statement of Investment Arrangements. Within each asset class, the investment managers are expected to maintain a portfolio of securities (or funds), which ensures that the risk being accepted in each market is broadly diversified.

The divergence of the actual distribution of the investments from the benchmark weighting will be monitored by the Scheme's investment consultant on an annual basis. Any deviation from the target asset allocation will be discussed periodically with the investment consultant.

Stewardship in relation to the Scheme's assets

The Trustees have a fiduciary duty to consider their approach to the stewardship of the investments and to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment manager.

The Trustees seek to appoint managers that have strong stewardship policies and processes and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Investment management monitoring

The Trustees will assess the performance, processes and cost effectiveness of the investment managers by means of regular, but not less than annual, reviews of the results and other information, in consultation with the investment consultant.

All investment decisions, and the overall performance of the investment managers, are monitored by the Trustees with the assistance of the investment consultant.

The investment managers will provide the Trustees with quarterly statements of the assets held along with a quarterly report on the results of the past investment policy and the intended future policy, and any changes to the investment processes applied to their portfolios.

The investment managers will inform the Trustees of any changes in the internal performance objective and guidelines of any pooled funds used by the Scheme as and when they occur.

The Trustees will assess the quality of the performance and processes of the investment managers by means of a review at least once every three years in consultation with the investment consultant.

The Trustees receive an independent investment performance monitoring report from the investment consultant on an annual basis.

Appropriate written advice will be taken from the investment consultant before the review, appointment or removal of investment managers.

The Trustees' policy in relation to engagement and monitoring

The Trustees' policy is to delegate responsibility for engaging and monitoring investee companies to the investment managers (and also the investment platform provider, where applicable) and they expect the investment managers (and the investment platform provider) to use their discretion to maximise financial returns for members and others over the long term.

The Trustees recognise that the investment manager's ability to influence the companies in which it invests will depend on the nature of the investment.

The Trustees acknowledge that the concept of stewardship may be less applicable to some of its assets, particularly for short-term money market instruments and gilt investments.

The Trustees will review each investment manager prior to appointment and monitor them on an ongoing basis through the regular review of the investment manager's stewardship policies and a review of each manager's engagement behaviour. The Trustees may also request their investment consultant's ESG ratings to aide them in this process.

The Trustees have not set out their own stewardship priorities but follow that of the investment manager.

The Trustees will engage with an investment manager should they consider that manager's stewardship policies to be inadequate or if the engagement undertaken is

not aligned with the investment manager's own policies, or if the investment manager's policies diverge significantly from the views of the Trustees.

If the Trustees find any investment manager's policies or behaviour unacceptable, they may agree an alternative mandate with the manager or decide to review or replace the manager.

The Trustees' policy in relation to peer-to-peer engagement

As all of the investments are held in pooled vehicles, the Trustees do not envisage being directly involved with peer-to-peer engagement in investee companies.

The Trustees' policy in relation to voting rights

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attached to investments to the investment managers and to encourage the managers to exercise those rights. The Trustees will engage with an investment manager should they consider that manager's voting practices to be inadequate or if the voting undertaken is not aligned with the investment manager's own policies, or if the investment manager's voting practices diverge significantly from the views of the Trustees.

The investment managers are expected to make available regular reports for the Trustees detailing their voting activity.

The Trustees' policy in relation to their investment managers

In detailing below the policies on the investment manager arrangements, the over-riding approach of the Trustees is to select investment managers that meet the primary objectives of the Trustees. As part of the selection process and the ongoing review of the investment managers, the Trustees consider how well the investment managers meet the Trustees' policies and provide value for money over a suitable timeframe.

How the arrangement incentivises the investment manager to align its investment strategy and decisions with the Trustees' policies

The Trustees have delegated the day-to-day management of the majority of the Scheme's assets to investment managers. The majority of the Scheme's assets are invested in pooled funds which have their own policies and objectives and charge a fee, agreed with the investment managers, for their services. The Trustees believe that as an investment manager receives fees, it is incentivised to adhere to its stated policies and objectives, as this income would be withdrawn should the Trustees decide it has not acted in line with these policies and objectives.

How the arrangement incentivises the investment manager to engage and take into account financial and non-financial matters over the medium to long-term

The Trustees, in conjunction with their investment consultant, appoint their investment managers and choose the specific pooled funds to use in order to meet specific Scheme policies. They expect that their investment managers make decisions based on assessments about the financial performance of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustees have decided not to take non-financial matters into account when considering their policy objectives.

How the method (and time horizon) of the evaluation of the investment manager's performance and the remuneration for asset management services are in line with the Trustees' investment policies

The Trustees expect their investment managers to invest the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. The Trustees review investment managers periodically. These reviews incorporate benchmarking of performance and fees. Reviews of performance focus on longer-term performance (to the extent that is relevant), e.g. looking at five years of performance.

If the Trustees determine that an investment manager is no longer managing the assets in line with the Trustees' policies they will make their concerns known to the investment manager and may ultimately disinvest.

The Trustees pay their investment managers a management fee, which is a fixed percentage of assets under management.

Prior to agreeing a fee structure, the Trustees, in conjunction with their investment consultant, consider the appropriateness of this structure, both in terms of the fee level compared to that of other similar products and in terms of the degree to which it will incentivise the investment managers.

How the Trustees monitor portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover or turnover range

The Trustees, in conjunction with their investment consultant, have processes in place to review investment turnover costs incurred by the Scheme on an annual basis. The Trustees receive a report which includes the turnover costs incurred by the investment managers used by the Scheme.

The Trustees expect turnover costs of the investment managers to be in line with their peers, taking into account the styles adopted by the investment managers, the asset classes invested in and prevailing market conditions.

The Trustees do not explicitly monitor turnover, set target turnover or turnover ranges. The Trustees believe that the investment managers should follow their stated approach with a focus on risk and net return, rather than on turnover. In addition, the individual mandates are unique and bespoke in nature and there is the potential for markets to change significantly over a short period of time.

The duration of arrangements with investment managers

The Trustees do not in general enter into fixed long-term agreements with their investment managers and instead retain the ability to change investment manager should the performance and processes of an investment manager deviate from the Trustees' policies. However, the Trustees expect their manager appointments to have a relatively long duration, subject to each manager adhering to its stated policies, and the continued positive assessment of its ability to meet its performance objective.

Employer-related investments

The Trustees will not make direct investments in the Sponsoring Employer's own securities. The amount of the Sponsoring Employer's securities, owned by pooled investment vehicles invested in, is monitored. The Trustees have delegated the responsibility for the exercising of any voting rights attached to any Sponsoring Employer investment held to the investment managers.

Additional voluntary contributions (AVCs)

The Trustees have full discretion as to the appropriate investment vehicles made available to members of the Scheme for their voluntary contributions. Only investment vehicles normally considered suitable for voluntary contributions will be considered by the Trustees, having taken appropriate written advice from properly qualified and authorised financial advisers.

The Trustees make available the following range of investment options for the members' AVCs:

AVC provider	Investment options
Standard Life	At Retirement (Multi Asset Univ) Pn
	Money Market Pension Fund
	Managed Pension Fund
	Multi Asset Managed (20-60% Shares) Pn

In selecting this range of funds offered the Trustees have taken advice from their professional advisers on:

- The risks faced by members in investing on a money purchase basis.
- The Trustees' responsibilities in the selection and monitoring of the investment options offered.

The Trustees will continue to manage the AVC arrangements having taken professional advice on these matters.

The Trustees will monitor the performance of AVC providers periodically.

Members are directed to seek independent financial advice when considering their AVC arrangements.

Appointments and responsibilities

This section sets out the key appointments and responsibilities with respect to the investment aspects of the Scheme. Please note, a full list of the Scheme advisers is provided at the front of the Scheme's annual Report and Accounts. However, at the time of writing this SIP the

- The **Investment Consultant** is Gallagher (Administration & Investment) Limited
- The **Investment Managers** are detailed in the Scheme's Statement of Investment Arrangements.
- The Scheme's **Investment Platform provider** is Legal and General.
- The **Custodians** are appointed by the Pooled fund managers and therefore are not detailed in this SIP.
- The **Scheme Actuary** is Rachel Downs of Gallagher Actuarial Consultants Limited.

Trustees

The Trustees' primary responsibilities include:

- The preparation of this SIP, reviewing its contents and modifying it if deemed appropriate, in consultation with the Sponsoring Employer and the investment consultant, at least every three years. The SIP will also be reviewed following a significant change to investment strategy and/or the investment managers.
- Appointing investment consultants and investment managers as necessary for the good stewardship of the Scheme's assets.
- Reviewing the investment strategy as part of each triennial actuarial valuation, and/or asset-liability modelling exercise, and/or significant changes to the Scheme's liabilities, taking advice from the investment consultant.
- Assessing the processes (and therefore the performance) of the investment managers by means of regular, but not less than annual, reviews of information obtained (including investment performance).
- Monitoring compliance of the investment arrangements with this SIP and with the relevant sections of the Act, the Investment Regulations and any regulatory guidance on a regular basis.
- Monitoring risk and the ways in which the investment managers have cast votes on behalf of the Trustees in respect of the Scheme's equity holdings.

- Reviewing the stewardship/voting policies of the investment managers and undertaking the ongoing monitoring and engagement with their investment managers as appropriate.
- Setting objectives for the appointed investment consultant (and reviewing these at least every three years and following any significant change to the investment strategy), and reviewing the investment consultant's performance against these objectives at least annually.

Investment consultant

The main responsibilities of the investment consultant include:

- Assisting the Trustees in the preparation and periodic review of this SIP in consultation with the Sponsoring Employer.
- Undertaking project work including reviews of investment strategy, investment performance and manager structure as required by the Trustees.
- Advising the Trustees on the selection and review of the investment managers.
- Providing training or education on any investment related matter as and when the Trustees see fit.
- Monitoring and advising upon where contributions should be invested or disinvested on a periodic basis.
- Obtaining a copy of the Trustees' investment consultant objectives prior to undertaking work to ensure that they understand the Trustees' requirements.

Investment managers

The investment managers' main responsibilities include:

- Investing the assets within their portfolio in a manner that is consistent with the objectives set out in the pooled fund documentation.
- Ensuring that the investment of the assets within their portfolio is compliant with prevailing legislation and the constraints detailed in investment guideline of their pooled fund.
- Providing the Trustees with quarterly reports including any changes to the investment process and a review of the investment performance of their portfolio.
- Meetings with the Trustees as appropriate.
- Informing the Trustees of any changes in the fee structure, internal performance objectives and guidelines of any pooled fund within their portfolio as and when they occur.
- Considering financially material risks affecting investments within their portfolio.
- Exercising voting rights on shareholdings within their portfolio in accordance with their general policy.

Platform provider

The platform provider's main responsibilities include:

- Providing access to a range of funds provided by various managers.
- Ensuring that investment of the Scheme's assets is compliant with prevailing legislation and the constraints detailed in this Statement.
- Providing the Trustees with quarterly reports including any changes to their internal operations.
- Attending meetings with the Trustees as and when required.
- Informing the Trustees of any changes in the fee structure, internal performance objectives and guidelines of any pooled fund used by the Scheme as and when they occur.
- Informing the Trustees should they amend their stewardship approach, or undertake engagement with investment managers around matters impacting the Scheme's holdings.

Custodian

The custodians' main responsibilities include:

- The safe-keeping of the Scheme's assets in respect of which they are responsible.
- The custodianship arrangements are those operated by the investment managers for all clients investing in their pooled funds. The Trustees note that the appointment of a custodian for a pooled fund is controlled by the pooled fund manager.

Administrators

The administrators' main responsibilities in respect of investment matters include:

The day-to-day administration of the Scheme and the submission of specified statutory documentation, as delegated by the Trustees.

Scheme Actuary

The Scheme Actuary's main responsibilities in respect of investment policy include:

- Commenting on the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme.
- Performing the triennial (or more frequently as required) actuarial valuation and advising on the Scheme's funding level and therefore the appropriate level of contributions in order to aid the Trustees in balancing short-term and long-term investment objectives.