ARAB-BRITISH CHAMBER OF COMMERCE RETIREMENT BENEFITS PLAN

STATEMENT OF INVESTMENT PRINCIPLES

SEPTEMBER 2025

1. INTRODUCTION

The Trustees of the Arab-British Chamber of Commerce Retirement Benefits Plan (the "Plan") have adopted this Statement of Investment Principles ("the Statement") to comply with the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005. This Statement replaces all previous Statements.

When making their investment decisions and reviewing this Statement, the Trustees obtained and considered the written advice of Cartwright Benefit Solutions Limited, whom the Trustees reasonably believe to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of such schemes. Cartwright Benefit Solutions Limited is also authorised under the Financial Services and Markets Act 2000 to provide investment advice to the Trustees.

Whilst the Trustees are solely responsible for the Plan's investment strategy, the Trustees consulted the Arab-British Chamber of Commerce (the "Employer") on both the investment decisions taken by the Trustees and this Statement's content.

2. INVESTMENT OBJECTIVES

The primary investment objective of the Trustees is to ensure that the Plan will be able to pay all beneficiaries in full as and when their benefits fall due, taking into account the existing assets, the investment returns expected to be achieved, and the contributions from the Employer.

To increase the certainty of achieving the primary investment objective, the Trustees will aim to reduce the Plan's investment risk where possible and practical to do so, subject to still targeting sufficient investment returns. The level of investment risk will also be considered in the context of the ability and willingness of the Employer to support the investment risk being taken and the impact changes in financial market conditions may have on the Employer's future contribution requirements.

The Trustees understand that the Employer is willing to accept some volatility in the Employer's contribution requirements in the expectation that the total contributions payable would be lower than they otherwise would be (although in practice the actual contributions required could be much higher or much lower if the investments perform differently to expected).

3. INVESTMENT STRATEGY

The Trustees' investment strategy for the Plan is described in the Appendix. The key considerations when designing it were as follows.

(a) The Plan's "growth assets" are chosen such that they are expected to grow by more than the Plan's liabilities over the longer-term, and are diversified by asset class, geographical area, industry sector and company.

(b) The Plan's "protection assets" are chosen such that they are expected to move similarly to the Plan's liabilities over both the shorter- and the longer-term, thereby reducing the potential volatility of the Plan's deficit (i.e. the difference between the Plan's liabilities and the Plan's assets).

(c) The split between growth assets and protection assets is set so as to minimise the deficit volatility, pending an anticipated approach to the insurance market in 2024.

(d) Overall, the Plan's assets should be sufficiently liquid to enable all beneficiaries to be paid as and when their benefits fall due.

4. RISK MEASUREMENT AND MANAGEMENT

The Trustees regularly review a wide range of risks to which the Plan is exposed and mitigate these risks where possible and practical to so. The Trustees believe that the investment strategy adopted is consistent with the agreed risk management policy.

The Trustees' policies on the key investment-related risks are as follows:

- Employer covenant: the investment risk taken by the Plan is underwritten by the Employer because, should investment returns not be achieved as expected over the longer-term, the Employer will ultimately be required to increase its contributions to enable all beneficiaries to be paid in full. The Trustees regularly monitor the Employer's covenant and consider the level of the Plan's investment risk in light of the strength of the Employer's covenant.

- Mismatch risk: the inherent nature of the assets and the liabilities, and the need for the Plan to take some investment risk to reduce the deficit over time, means that the assets and liabilities are not expected to move in tandem under all financial market conditions and the deficit may rise or fall as a result. The Trustees explicitly take the Plan's liabilities into account when setting the investment strategy (including their nature and duration) and aim to diversify across and within the different risk factors were appropriate. The Trustees will look to further reduce the level of mismatch risk as the funding level improves.

- Active manager risk: the Trustees recognise that actively managed funds can under- or out-perform their benchmark indices. Actively managed funds are therefore used for asset classes where the Trustees believe that the chosen investment manager is likely to consistently and sustainably either out-perform the benchmark index, reduce the volatility of investment returns, or both.

- Diversification: in addition to diversifying across different risk factors (see above), where appropriate, the Trustees also diversify across asset classes, counter-parties, and geographically. This helps to avoid excessive concentrations of risk. To achieve cost-effective diversification, the Plan's assets are all invested in pooled funds.

- Liquidity: to pay beneficiaries, the Trustees are increasingly expected to need to regularly liquidate some of the invested assets to supplement any cash held in the Trustees' bank account. Some asset classes can be relatively illiquid and so there can sometimes be delays before the cash proceeds become available. The Trustees regularly review the Plan's income and outgo in the context of the overall liquidity of the invested assets (i.e. this allows a proportion of the Plan's assets to be relatively illiquid if deemed appropriate). The Trustees also have an investment/disinvestment cash flow policy (see the Appendix) to help to ensure beneficiaries are paid as and when their benefits fall due. The realisation of investments within each investment fund is delegated to the relevant investment manager.

- Derivatives: derivatives tend to involve leverage to magnify the exposure to certain financial instruments. All the derivatives used by the Plan either contribute to the reduction of risk or are used for efficient portfolio management. The diversified derivative counter-party exposure and the collateralisation process are delegated to, and kept under regular review by, each investment manager.

- Regulatory: the Plan's assets are invested on regulated markets.

5. MONITORING THE INVESTMENT STRATEGY

The Trustees regularly review the performance of the investment strategy, including: the performance of the Plan's assets against the Plan's liabilities, the actual asset allocation against the strategic asset allocation, each investment funds' performance against its benchmark index, and the investment/disinvestment cash flow policy.

The Trustees require investment managers to report on the turnover of securities within invested portfolios and on the associated transaction costs, in order to assess whether such activity, and changes in it, appears reasonable, taking account of the nature of the fund concerned.

The Trustees will formally review and obtain written investment advice on the suitability of the investment strategy at least every three years in line with the timing of each triennial actuarial valuation. These reviews will include the ongoing suitability of the retention of the investment funds used.

Certain parts of the investment strategy may be reviewed more frequently if required, for example the investment/disinvestment cash flow policy.

6. FEE STRUCTURES

The investment manager is paid a percentage of the market value of the assets within their fund(s). Some operational expenses are also incurred by each fund to cover administration, audit, legal and custodial costs, along with the transaction costs associated with the buying and selling of the underlying securities as the investment manager changes the constituents of the fund over time (particularly for actively managed funds).

The investment adviser is paid on a time-cost or fixed fee basis, as agreed from time-to-time between the Trustees and the investment adviser.

7. ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE ('ESG')

The Trustees believe that their primary responsibility is to invest the Plan's assets for the longer-term financial best interests of the Plan's beneficiaries, as reflected by the Trustees' strategic investment objectives (including the Plan's time horizon). The Trustees believe that ESG factors (including climate change risks) can potentially have a material positive or negative financial impact on the Plan.

The Plan's investment funds are chosen to aim to achieve the Plan's strategic investment objectives, with consideration given to ESG factors over the Plan's investment time horizon when these fund choices are both made and reviewed from time-to-time. The Trustees are aware of and regularly monitor the Plan's investment time horizon. The Plan's time horizon may change over time and will depend on the length of time for which benefits will continue to be paid and if/when the Plan is expected to have sufficient assets to buy-out the liabilities.

This means that the Trustees are able to take a long-term view of the Plan's investments when assessing managers' performance and/or asset allocation.

The Plan's investment funds are deliberately and consciously chosen to align with the Plan's strategic investment policies and objectives, in particular the investment funds' asset class exposure(s), the balance between different asset classes (where appropriate) and expected return and risk. In addition, the fees applicable to the Plan's investment funds are taken into account to ensure that these are also consistent with the Plan's investment policies and objectives, as well as being compatible with the asset class(es) that the fund invests in and returns it is seeking to achieve.

A key element of the selection of the Plan's investment funds is the Trustees' assessment of the likelihood of each investment fund achieving its performance target on a medium/long term and sustainable basis, which is in part based on each investment fund's ability to select investee companies, for both debt and equity, that are sustainable and will produce good medium/long term performance on financial measures.

The Trustees also believe that, in general, good long term performance on non-financial measures will support and contribute to good long term performance on financial measures.

An important part of each investment fund's ability to invest sustainably in this way is to use the fund's position as a stakeholder, either unilaterally or in concert with other stakeholders, to engage with investee companies to look to improve their financial and non-financial performance.

The Trustees measure and monitor the performance versus target of all their investment funds on an after fees basis where practical to do so. Part of this monitoring process includes the consideration of the portfolio turnover costs of each investment fund and whether (or not) the twelve-month turnover is consistent with the investment philosophy and process of the investment fund. Any inconsistencies will be considered. The portfolio turnover costs will be part of the after fees fund performance and are therefore reflected in that figure.

The Trustees' intention is to appoint investment managers for the long term and avoid switching between investment funds based solely on short term performance, thus incurring transaction costs which may or may not be offset by future returns. However, if the Trustees believe that an investment fund can no longer achieve its performance target, and believe that it is in the Plan's best interests to make a change, they will do so.

Due to the Trustees' use of pooled investment funds, the application of ESG factors and the stewardship of the assets (including the exercising of voting and other rights attached to investments), are, ultimately delegated to each investment manager and may differ depending on the objectives of each investment fund and the manager's own policies in this regard. The managers should monitor and engage with relevant persons (including the issuers of debt or equity held within their pooled funds, the investment managers of other funds held within their pooled funds and other stakeholders) about relevant matters such as performance, strategy, risks, capital structure and management of any actual or potential conflicts of interest.

The Trustees periodically obtain and review the relevant ESG, Stewardship and corporate governance policy documents for each pooled investment fund in which it has invested. When relevant, the Trustees will challenge the investment manager on their policies. Should the Trustees be dissatisfied with the response, they will take the approach that is believed to be in the best interest of the Plan's beneficiaries, which could involve further engagement with the investment manager or disinvesting in favour of a more appropriate investment fund. This creates an incentive for the investment manager to ensure that they are aware of, and as far as possible, meet the Trustees' expectations with regard to ESG, Stewardship and corporate governance policy.

The Trustees do not explicitly take into account the views of the Plan's beneficiaries including (but not limited to) ethical views and views in relation to social and environmental impact and present and future quality of life of the Plan's beneficiaries.

8. FUTURE REVIEW

The Trustees will review this Statement:-

(a) At least every three years, and

(b) Without delay after any significant change in investment policy.

Any such review will be based on written investment advice from someone whom the Trustees reasonably believe to be qualified by his or her ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of such schemes. The Employer will also be consulted.

DocuSigned by:
Robert Gray
03C2591A03D34DA...

Signed .... Date 30-09-2025 | 17:52:27 BST ....

For and on behalf of the Trustees of the Arab-British Chamber of Commerce Retirement Benefits Plan

APPENDIX – OVERVIEW OF THE PLAN'S INVESTMENT STRATEGY

The Trustees have adopted the investment strategy described below, which consists of a strategic asset allocation and an investment/disinvestment cash flow policy. The strategic asset allocation determines how the Plan's assets are split between different asset classes, and results in an overall longer-term "best estimate" expected investment return. The Trustees subsequently selected which investment manager and funds are used to implement each asset class – all the investment managers are regulated under the Financial Services and Markets Act 2000.

Asset class description	Asset type	Investment manager	Investment fund	Management style	Strategic asset allocation
Gilts	Protection	BlackRock	Aquila Life Over 15 Years UK Gilt Index Fund	Passive	33%
Gilts	Protection	BlackRock	Aquila Life All Stocks UK Gilt Index Fund	Passive	51%
Inflation-linked Gilts	Protection	BlackRock	Aquila Life All Stocks UK Index Linked Gilt Index Fund	Passive	10%
Gilts					**76%**
Absolute Return Bonds	Growth	BlackRock	Absolute Return Bond	Active	**6%**
Overall longer-term "best estimate" expected return above gilts[1]					0.1% p.a.
Interest rate and inflation hedge ratios relative to long-term solvency liabilities[2]					85%/75%

[1] The assumptions used to illustrate portfolio expected returns are taken from PFaroe model as at 30 June 2025.

[2] The hedge ratios are estimated as at 30 June 2025

There is to be no automatic rebalancing back to these allocations.

Any cash flows for investment/disinvestment will be directed towards and taken from the BlackRock Absolute Return Bond. This recognises that this fund is expected to be a relatively stable asset class in absolute terms and help to avoid the need to potentially disinvest from more volatile assets classes at market lows.

The Trustees may decide to change this investment/disinvestment cash flow policy and/or rebalance the asset allocation from time-to-time, subject to receiving the required written investment advice.

The Trustees may (in accordance with the Trust Deed and Rules) purchase an annuity or assurance contract to fund any benefits payable under the Plan.