Biffa Pension Scheme Defined Benefit (the "Scheme")
Statement of Investment Principles (the "Statement")

Scope of Statement

This Statement has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005).

The effective date of this Statement is 18 September 2024. The Trustee ("the Trustee") will review this Statement and the Scheme's investment strategy no later than three years after the effective date of this statement and without delay after any significant change in investment policy.

Consultations Made

The Trustee has consulted with the employer, Biffa Corporate Holdings Limited ("the Company"), prior to formalising this Statement and will take the Company's comments into account when it believes it is appropriate to do so.

The Trustee is responsible for the investment strategy of the Scheme and has obtained written advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement. This advice is provided by Aon Investments Limited ("Aon"), who are authorised and regulated by the Financial Conduct Authority.

The day-to-day management of the Scheme's assets has been delegated to investment managers who are authorised and regulated by the Financial Conduct Authority. A copy of this Statement is available to the investment managers appointed and members of the Scheme upon request.

Investment Objectives

The Trustee aims to invest the DB Section assets prudently with a view to ensuring that the benefits promised to members are provided. In setting the investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk.

The Trustee first considers the lowest risk asset allocation that it could adopt in relation to the DB Section liabilities. The asset allocation strategy it has selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the liabilities.

Investment Strategy

The Scheme's Long Term Strategic allocation chosen to meet the investment objectives is set out in the table below.

The Trustee has put in place a de-risking strategy to move the Current Strategic Asset Allocation to the Long Term Strategic Allocation based on the estimated funding level of the Scheme.

Asset Class	Current Strategic Asset Allocation (%)	Long Term Strategic Allocation (%)
Return Seeking	**50.0**	**23.5**
Matching	**50.0**	**76.5**
Total	**100.0**	**100.0**

This strategy was set following quantitative investment analysis and advice from the Trustee's investment adviser. The Trustee also consulted with the Sponsoring Employer. The planned asset allocation strategy was determined by considering a number of factors. These included the actuarial characteristics of the Scheme, the strength of the funding position, the liability profile, the sponsoring employer's financial strength and views on risk and return and the need for sufficient diversification.

The planned asset allocation strategy was based on the assumption that growth assets would outperform gilts over the long term. The Trustee believes that diversifying across a number of growth asset classes is an appropriate way to manage risk. The Trustee considered written advice from its investment adviser when choosing the Scheme's planned asset allocation strategy.

The actual asset distribution will vary from the planned asset allocation strategy from time to time due to market movements. In addition, the Trustee may, from time to time, choose to hold positions away from the planned asset allocation to take account of the prevailing investment conditions. Any such positions will be taken following advice from the Trustee's investment adviser.

The Appendix sets out the investment strategy for the Scheme, including the planned change in the asset allocation.

Investment Risk Measurement and Management

The Trustee recognises that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustee has identified a number of risks which have the potential to cause deterioration in the Scheme's funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustee and its advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities ("cash flow risk"). The Trustee and its investment adviser will manage the Scheme's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustee ("manager risk"). This risk is considered by the Trustee and its investment adviser both upon the initial appointment of the fund managers and on an ongoing basis thereafter. Aon Investments Limited ("AIL") has been appointed as a fund of funds manager for the Scheme's actively managed equity, hedge fund and global fixed income portfolio and will in this capacity manage this risk.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustee and its investment adviser considered this risk when setting the Scheme's investment strategy and will keep it under review.
- The possibility of failure of the Scheme's Sponsoring Employer ("covenant risk"). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy. The Trustee and its advisers will keep the strength of the sponsoring employers covenant under review.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has 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 of ESG factors and climate change. These risks could negatively impact the Scheme's investments. The Trustee considers these risks by taking advice from its investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance. Where the Trustee has appointed AIL to manage the Scheme's assets, the Environmental, Social, and Governance ("ESG") considerations are set out later in this document.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews.

Choosing Investments

The types of investments held and the balance between them is deemed appropriate given the liability profile of the Scheme, its cashflow requirements, the funding level of the Scheme and the Trustee's objectives. The assets of the Scheme are invested in the best interests of the members and beneficiaries.

The Trustee exercises its powers of investment (or delegation where these powers have been delegated to a fund manager) in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk a spread of assets is held. The diversification is both within and across the major asset classes.

Assets held to cover the Scheme's technical provisions (the liabilities of the Scheme) are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme.

The assets of the Scheme are appropriately diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.

Details of the holdings are contained in the Appendix.

Custody

Day to day control of custody arrangements is delegated to the custodians; details are set out in Appendix I. The Trustee can request a copy of the investment managers', custodians' and auditors' reports on their respective procedures prepared in accordance with FRAG21/94 issued by the Institute of Chartered Accountants. The custodians are independent of the Scheme.

Realisation of Investments/Liquidity

The Trustee recognises that there is a risk in holding assets that cannot be easily realised should the need arise.

The majority of the assets held are realisable at short notice (either through the sale of direct holdings of stocks, bonds etc. or the sale of units in pooled funds).

Arrangements with Investment Managers

The Trustee regularly monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies, including those on non-financial matters. This includes monitoring the extent to which investment managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee is supported in this monitoring activity by its investment adviser. Where the Trustee has appointed AIL as its fiduciary manager, AIL is considered the investment manager.

The Trustee receives regular reports and verbal updates from the investment adviser on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The

Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme objectives and assess the investment managers over 3-year periods.

The Trustee shares the policies, as set out in this SIP, with the Scheme's investment managers, and request that the investment managers review and confirm whether their approach is in alignment with the Trustee's policies.

Before appointment of a new investment manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Scheme invests in a collective vehicle, then the Trustee will express their expectations to the investment managers by other means (such as through a side letter, in writing, or verbally at Trustee meetings).

The Trustee believes that having appropriate governing documentation, setting clear expectations to the investment managers by other means (where necessary), and regular monitoring of investment managers' performance and investment strategy, is in most cases sufficient to incentivise the investment managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where investment managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the manager but could ultimately replace the investment manager where this is deemed necessary.

There is typically no set duration for arrangements with investment managers, although the continued appointment all for investment managers will be reviewed periodically, and at least every three years. For certain closed ended vehicles, the duration may be defined by the nature of the underlying investments.

Costs and Performance

<u>Cost Monitoring:</u>

The Trustee is aware of the importance of monitoring the investment managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by the Scheme's investment managers that can increase the overall cost incurred by their investments.

The Trustee receives annual cost transparency reports from AIL, their fiduciary manager. These reports present information in line with prevailing regulatory requirements for fiduciary managers. They clearly set out on an itemised basis:

- The total amount of investment costs incurred by the Scheme;
- The fees paid to the fiduciary manager;
- The fees paid to the investment managers appointed by the fiduciary manager;
- The amount of portfolio turnover costs (transaction costs) incurred by the investment managers appointed by the fiduciary manager;
- Any charges incurred through the use of pooled funds (custody, admin, audit fees etc)
- The impact of costs on the investment return achieved by the Scheme.

For investment managers other than AIL, the Trustee collects annual cost transparency reports and asks that investment managers provide this data in line with appropriate reporting standards. The Trustee works with its investment adviser and investment managers to understand these costs in more detail where required.

The Trustee acknowledges that portfolio turnover costs are a necessary cost to generate investment returns and that the level of these costs varies across asset classes and manager.

AIL monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the investment managers appointed on behalf of the Trustee under the fiduciary arrangement.

The Trustee benefits from the economies of scale provided by AIL in two key cost areas:

- The ability of AIL to negotiate reduced annual management charges with the appointed investment managers;
- The ability of AIL to monitor ongoing investment costs (including additional fund expenses and portfolio turnover) incurred by the investment managers and achieve efficiencies where possible.

<u>Evaluation of Performance and Remuneration:</u>

The Trustee assesses the performance of the investment managers on a rolling three-year basis. The remuneration paid to the investment managers is provided annually. This cost information is set out alongside the performance of the fiduciary manager to provide context. The Trustees monitor these costs and performance trends over time.

Environmental, Social, and Governance ("ESG") considerations

AIL invests in a range of underlying investment vehicles. As part of AIL's management of the Scheme's assets, the Trustee expects AIL to:

- Where relevant, assess the integration of ESG factors in the investment process of underlying managers;
- Use its influence to engage with underlying managers to ensure the Scheme's assets are not exposed to undue risk; and
- Report to the Trustee on its ESG activities as required.

Stewardship – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Trustee recognises that ultimately this protects the financial interests of the Scheme and its beneficiaries.

The Trustee accepts responsibility for how the managers steward assets on its behalf, including the casting of votes in line with each managers' individual voting policies. The Trustee has, however, delegated all voting and engagement activities to the Scheme's investment managers.

The Trustee expects the Scheme's investment managers (including AIL and other appointed managers) to use their influence as major institutional investors to carry out the Trustee's rights and duties as a shareholder including voting, along with – where relevant and appropriate – engaging with underlying investee companies to promote good corporate governance, accountability, and positive change; and subsequently report on stewardship activity as required.

The Trustee reviews the stewardship activities of its investment managers covering both engagement and voting actions on appointment, on an annual basis, and whenever the need arises. The Trustee will review the alignment of the Trustee's policies to those of the Scheme's investment managers and ensure its managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include AIL monitoring its underlying asset managers' voting and engagement activities and engaging with these managers to promote good corporate governance, accountability, and positive change.

Where the Trustee, the investment adviser or other stakeholders identify significant concerns relating to performance, strategy, risks, social and environmental impact, corporate governance, the capital structure or management of actual or potential conflicts of interest, of a fund manager or other stakeholder, they will consider the methods by which they would monitor and engage with relevant persons about relevant matters (for example by emails, calls or face to face meetings) but could ultimately replace the investment manager where this is deemed necessary.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an investment manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy the Trustee does 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"[1]).

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

Governance

The Trustee of the Scheme is responsible for the investment of the Scheme's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take and which to delegate, the Trustee takes into account whether it has the appropriate training and expert advice to take an informed decision. The Trustee has established the following decision making structure:

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Trustee

- Set structures and processes for carrying out its role.
- Select and monitor the planned asset allocation strategy.
- Selection of investment advisers and fund managers.
- Set structure for implementing investment strategy.
- Monitor investment advisers and fund managers.
- Make ongoing decisions relevant to the operational principles of the Scheme's investment strategy.
- Select and monitor direct investments.

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Fund Managers

- Operate within the terms of this statement and their written contracts.
- Select individual investments with regard to their suitability and diversification.
- Comment on suitability of the indices in their benchmark where relevant.

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Investment Adviser

- Advises on all aspects of the investment of the Scheme's assets, including implementation.
- Advises on this statement.
- Provides required training.

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The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased without a contract, e.g. the purchase of an insurance policy or standalone units in a pooled vehicle. The latter are known as **direct investments.**

The Trustee’s policy is to review its direct investments and to obtain written advice about them at regular intervals (normally annually). These include vehicles available for members' Additional Voluntary Contributions. When deciding whether or not to make any new direct investments, the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries.
- Security.
- Quality.
- Liquidity.
- Profitability.
- Nature and duration of liabilities.
- Tradability on regulated markets.
- Diversification.
- Use of derivatives.

The adviser, Aon, has the knowledge and experience required under section 36(6) of the Pensions Act 1995.

Advisers

Aon has been selected as investment adviser to the Trustee. They have a mandate to provide the Trustee with a service designed to ensure that the Trustee is fully briefed on the decisions it needs to take itself and those it needs to delegate. Aon also provides advice on the decision making structure. They are paid on a fixed fee basis for core items as well as time-cost basis for extended services to ensure that the Trustee can choose the services it requires.

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

Additional Voluntary Contributions (“AVC’s”) Arrangements

There is provision for members to pay AVCs in order to increase their benefits under the Scheme. The liabilities in respect of these AVC’s are equal to the value of the investments bought by the contributions. AVCs are a tax efficient method of saving as they are allowed against tax in the same way as normal contributions to the Scheme. In addition they are invested in special insurance contracts where they benefit from the tax concessions available to pension arrangements.

Members can either join the AVC schemes or increase their contributions, at any time. The Trustee has made available the following range of investment options:

- The Equitable Life Assurance Society
- BlackRock Life Limited

Full details are available on request from Aon.

....	....	....
Name (Print)	Signature	Date

Signed for and on behalf of the Biffa Pension Scheme Trustees Limited

Biffa Pension Scheme (the "Scheme”) - Appendix to Statement of Investment Principles

This Appendix sets out the details of the Trustee's current investment strategy and is supplementary to the Trustee’s Statement of Investment Principles (the “attached Statement”).

1. Investment Strategy

The Trustee plans to move towards the Long Term Allocation as the Scheme's funding level improves. Triggers have been put in place to identify opportunities to switch assets from return seeking assets to matching assets. The Scheme's Long Term Asset Allocation is defined as a Return Seeking/Matching split of 23.5%/76.5%, when a Funding Level ("FL") of 100% on the Low Dependency Liabilities is attained.

The table below sets out the Scheme's Strategic Asset Allocation and target hedge ratio for a given FL.

Asset Class	Strategic Asset Allocation (%) Funding Level[1] (%)			
	Current	92.0	96.0	100.0
Return Seeking	**50.0**	**42.0**	**34.0**	**23.5**
Equities	**15.0**	**12.5**	**10.0**	**7.5**
Absolute Return	**9.5**	**7.0**	**5.0**	**5.0**
Hedge Funds	4.5	2.0	-	-
Fixed Income	5.0	5.0	5.0	5.0
Synthetic Credit	**2.0**	**2.0**	**4.0**	**6.0**
Illiquid Alternatives	**18.5**	**15.5**	**10.0**	**-**
Property	3.0	-	-	-
Inflation Opportunities	10.5	10.5	5.0	-
Bank Capital Relief	5.0	5.0	5.0	-
Insurance-Linked Securities	**5.0**	**5.0**	**5.0**	**5.0**
Matching	**50.0**	**58.0**	**66.0**	**76.5**
LDI & Annuities[2]	50.0	58.0	66.0	76.5
Total	**100.0**	**100.0**	**100.0**	**100.0**
Inflation and Interest rate Hedge Ratio[3] [4]	**92.0%**	**92.0%**	**96.0%**	**100%**

Due to the illiquid nature of Property, Inflation Opportunities and Bank Capital Relief, these assets do not form part of the dynamic de-risking strategy. The Insurance-Linked Securities allocation also does not form part of the dynamic de-risking strategy. However, the Trustee monitors these allocations and ensures they remain appropriate, given the other allocations.

At time of writing, the Trustee has submitted a primary redemption instruction for the entire Scheme’s holdings in the BlackRock UK Property Fund.

[1] The Funding level is expressed on the low-dependency basis which is defined as a funding ratio of 107.5%, with the liabilities valued assuming an investment return of Gilts plus 0.25% p.a.

[2] It is expected that as the volume of assets in the LDI portfolio increases it will make sense to invest excess collateral in a bulk annuity as a better matching low risk asset as and when pricing opportunities arise (hedge ratios would not be affected).

[3] As a percentage of liabilities valued on a low-dependency basis.

[4] The actual hedge may deviate from the target hedge from time to time based on advice from the Investment Consultant.

The Trustee consulted with the sponsoring employer when setting the strategy. Further information can be found in the Trigger Implementation document provided to the Trustee.

The actual asset distribution will vary from the planned asset allocation strategy from time to time due to market movements. In addition, the Trustee may, from time to time, choose to hold positions away from the planned asset allocation to take account of the prevailing investment conditions. Any such positions will be taken following advice from the Trustee's investment adviser.

2. Investment Mandates

Details of the investment funds and investment objectives are set out below:

Aon Investments Limited (AIL)	
Asset Class	**Performance Target**
Global Equities	Long-term total returns (net of fees) in excess of MSCI World Total Return Index (Gross Dividends Reinvested)
Global Equities GBP Hedged	Long-term total returns (net of fees) in excess of MSCI World 100% Hedged to GBP Custom Index (GTR)
Hedge Funds	Long-term total returns (net of fees) in excess of SONIA
Global Fixed Income	Long-term total returns (net of fees) in excess of SONIA.
LDI	To hedge the liability proxy on interest rate and inflation risk as determined by the de-risking strategy see section 1.
Synthetic Credit	50% of Markit iTraxx Europe Main 10-year Index and 50% Markit CDX North America Investment Grade 10-year Index, currency hedged into GBP, and net of roll transaction costs

BlackRock – UK Property Fund	
Asset Class	**Performance Target**
UK Property	Outperform IPD UK All Balanced Property Funds Index

M&G - Inflation Opportunities Fund	
Asset Class	**Performance Target**
Inflation Protection Fund	UK Retail Price Index + 2.5% over a rolling five year period

Christofferson Robb & Co (CRC)	
Asset Class	**Performance Target**
Bank Capital Relief	The long-term target is 9-11% net IRR.

LGIM*	
Asset Class	**Performance Target**
Cash	To provide cash returns in line with SONIA.

*Cash does not form part of the strategic benchmark but may be held from time to time to aid liquidity.

Securis – Catastrophe Bond Fund	
Asset Class	**Performance Target**
Insurance-Linked Securities	To generate a 4-5% yield above the risk free rate, over the long term.

3. Custody of Assets

The investment managers use the following companies to provide custody for invested assets:

Investment Manager	Custodian
Aon Investments Limited	BNY Mellon
BlackRock	BNY Mellon
M&G	State Street Custodial Services (Ireland) Plc
CRC	JP Morgan
LGIM	Northern Trust Fiduciary Services (Ireland) Limited
Securis	Citibank NA London

There is no direct involvement by either the Trustee or the Employer in custody procedures. Through working with its investment advisers, the Trustee will consider, on a regular basis, the contents of internal controls reports compiled under standards such as SAS70 or AAF01/06 which detail the controls in place at the custodians.