

Cosworth Racing Limited Pension Fund ("the Scheme")

Statement of Investment Principles – April 2026

1. Introduction

The Trustee of the Cosworth Racing Limited Pension Fund ("the Scheme") has drawn up this Statement of Investment Principles ("the Statement"). The Statement has been drafted to comply with the requirements of the Pensions Act 1995 and subsequent legislation. The Statement is intended to affirm the investment principles that govern decisions about the Scheme's investments. In preparing this Statement, the Trustee has consulted with the Scheme's Sponsoring Employer.

The Defined Benefit ("DB") section of the Scheme comprises two fully sectionalised Sections namely the:

- 1) Cosworth Section
- 2) Retail Section

2. Process for Choosing Investments

Unless otherwise delegated, decisions on investments are taken by the Trustee directly.

The Trustee has considered its objectives for investing the Scheme's remaining assets and retaining sufficient assets to meet the residual liabilities is a key priority of the Trustee. In considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of its investment consultant, whom the Trustee believe to be suitably qualified to provide such advice, as well as seeking input from the Scheme Actuary. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended from time to time).

3. Investment Objectives

The Trustee's ultimate objective is to secure all members' (and other beneficiaries') benefits. They aim to achieve this through the purchase of bulk annuities ("buy-ins") which match the Scheme's known future benefit commitments, as a precursor to a buyout of all Scheme liabilities.

The Scheme has purchased one buy-in for the Cosworth Section and one buy-in for the Retail Section, both with Legal & General Assurance Society Limited. The buy-ins are assets of the Scheme which pay amounts to the Trustee to match the benefit payments due. The Trustee received advice on the suitability of these contracts from its Risk Settlement Consultants.

It is the Trustee's intention to complete a full buyout and to wind up the Scheme in due course which will include meeting any remaining costs payable by the Scheme prior to doing so.

4. Risk Management and Measurement

As the Scheme's assets are primarily buy-in contracts, the key risk to the Scheme is that of the insurer defaulting. The Trustee considered the credit strength of its insurer as part of the due diligence processes before signing buy-in documentation. 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 following advice from its Risk Settlement Consultants, the Trustee considered the buy-ins to be appropriate investments for the Scheme.

Another key risk is residual assets risk. This is the risk that the residual assets (which excludes the buy-ins) become insufficient to meet any future costs to the Scheme prior to wind-up, also known as the "residual liabilities". The Trustee manages this risk by closely monitoring ongoing costs and investing the assets with potential future liabilities in mind.

5. Investment Strategy

The Scheme's assets comprise of two buy-ins, one for each Section (as detailed in Section 3). These equate to >95% of overall assets.

For the Cosworth Section, the remaining assets (outside of the buy-in) are now held solely in the Sterling Liquidity Fund with Legal & General Investment Management, in a fund that is expected to be fully liquidated to align with buyout timeframes. No further investment risk has been deemed required at this point given the liabilities have now been insured.

For the Retail Section, the remaining assets (outside of the buy-in) are held in the Sterling Liquidity Fund and in a range of gilt funds with Legal & General Investment Management. These gilt funds are being used to hedge some potential remaining liabilities of the Section.

6. Day-to-day Management of the Assets

The buy-in contracts are held with one insurer (detailed in Section 3). The buy-ins are intended to cover all Scheme beneficiaries, and to eliminate interest rate, inflation and longevity risk associated with those liabilities. The insurer pays the Scheme regular amounts equal to the pension payment in respect of the membership underlying the buy-in policies. The buy-ins are assets of the Scheme and the pension liability remains within the Scheme until such a time as a buyout is completed.

Given the nature of the buy-ins into which the Scheme has entered, the Trustee does not monitor their investment characteristics. Should the Trustee become aware of any risks arising it will consider these in an appropriate manner.

7. Additional Assets

Members of the Scheme hold additional voluntary contributions. These are currently held with Legal & General and Prudential, separately to the DB assets.

The Trustee reviews the suitability of these arrangements at least every three years. If the Trustee judges that the AVC investments are no longer appropriate having regard to the requirements of Section 36 (Choosing Investments) of the Pensions Act 1995 as amended by subsequent legislation, it will consider whether it is appropriate to realise or alter such investments.

8. ESG and Stewardship (including Engagement Activities)

The Trustee believes that environmental, social and governance (“ESG”) factors may have a financially material impact on investment risk and return outcomes, and that good stewardship (including voting and engagement) and promotion of corporate responsibility can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, could present risks and opportunities that increasingly may require explicit consideration.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to purchase buy-ins and has delegated the management of the collateral backing these policies to the insurer. This includes the responsibility for voting and engagement. The Trustee took advice on the ESG integration and stewardship policies of the insurer prior to purchasing the buy-in policy.

The Trustee periodically reviews its insurer and how they take issues such as ESG and climate change into account. It is accepted, however, that whilst the insurer’s policies in these areas could change, the decision on the incumbent insurer is not reversible.

Whilst the Trustee is aware of the risks that ESG factors pose to the value of members’ investment, the Trustee cannot change the way in which a member’s AVCs are invested without the member’s consent (unless there is a bulk transfer to an authorised master trust). As a result, the Trustee’s ability to incorporate specific ESG factors when setting the investment strategy is itself correspondingly limited.

9. Non-financial Matters

Non-financial matters are not taken into account in the selection, retention and realisation of investments. Non-financial matters mean the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Scheme. Member views are not actively sought and given the illiquid nature of the majority of the Scheme’s assets, the Trustee does not envisage changing this policy.

10. Investment Manager Arrangements

Given the nature of the assets, the Trustee believes that the insurer is incentivised to manage its portfolio in an appropriate manner, and it also believes that it has limited scope to influence their policies. As such the Trustee does not seek to monitor these on an ongoing basis. Should the Trustee be provided with any opportunity which it deems appropriate to engage, it will consider this and will outline its views and expectations. Given the long-term nature of the buy-ins, the Trustee does not believe that is appropriate for the ongoing performance or appointment of the insurer to be reviewed.

Where the Trustee appoints investment managers via pooled funds or segregated accounts, outside of the buy-ins, the Trustee seeks expert advice in relation to these appointments. These appointments are made with the view to them being long term (to the extent this is consistent with the Trustee’s overall investment time horizon) and there is typically no set duration for the manager appointments. However, appointments can typically be terminated at short notice.

The Trustee regularly monitors the Scheme's investments, including AVCs, held outside of the buy-ins, 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, where applicable.

11. Cost monitoring

The Trustee invests the remaining DB assets (outside of the buy-in contracts) in a sterling liquidity fund and a range of gilt funds. The fees for these assets are generally lower compared to many other asset classes. The responsibility for monitoring the costs of the management of the buy-ins is delegated to the insurer.

Performance Assessment & Fees

Given the nature of the buy-ins, the Trustee does not believe it is appropriate to monitor the performance of its insurer. Furthermore, given the nature of the agreements it does not remunerate the insurer and as such it does not evaluate these factors.

The Trustee can request asset class and investment manager performance from its investment consultant, via a combination of formal independent reports and presentations from the investment managers.

Investment returns (and volatility) are measured on both an absolute basis and relative to one or more suitable benchmarks and targets. Returns are considered net of fees and ongoing transaction costs.

Portfolio Turnover Costs

Turnover costs arise from a) "ongoing" transactions within an investment manager's portfolio and b) "cashflow" costs incurred when investing in, or realising assets from a mandate.

The Trustee previously sought to explicitly report ongoing costs for all appointed managers for each calendar year. Given that the Scheme's remaining assets, outside of the buy-ins, are now solely held in cash or gilt funds, the Trustee does not believe it is appropriate or necessary to explicitly monitor ongoing transaction costs.

12. Investment Restrictions

Restrictions applicable to the various investment mandates that are in place are set out in the relevant pooled fund governing documents.

13. Fee Structure (non-investment manager)

The investment consultant is paid on either a fixed fee or time cost basis, as negotiated by the Trustee in the interests of obtaining best value for the Scheme. There are no direct fees paid to the insurer and any such fees are factored into the original purchase price.

14. Review of this Statement

The Trustee will monitor compliance with this Statement annually. In particular, it will check that investment manager mandates are consistent with giving effect to the principles set out in this Statement. The Trustee monitors on an ongoing basis compliance by the manager with its mandates.

The Trustee will review this Statement at least once every three years to coincide with the Actuarial Valuation and any such review will incorporate formal investment advice on the Scheme's investment strategy. Reviews may be carried out at shorter intervals in response to material changes. Such changes may include significant changes in the balance of assets held by the Scheme, the appointment of a new or additional investment manager, significant changes (in the opinion of the Trustee) in the capital markets, the circumstances of the Scheme or the Company, or changes in governing legislation.