

Brambles Enterprises (1996) Pension Scheme (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 31 March 2025. ZEDRA Governance Limited as Professional Corporate Sole Trustee to the Brambles Enterprises (1996) Pension Schemes (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 employers, Brambles Enterprises Limited and CHEP UK Limited, prior to writing this Statement and will take the employers' comments into account when they believe it is appropriate to do so.

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

The day-to-day management of the Scheme's assets has been delegated to the investment manager which is authorised and regulated by the Financial Conduct Authority. A copy of this Statement has been provided to the investment manager appointed and is available to the members of the Scheme.

Objectives and Policy for Securing Objectives

The Trustee's objectives for setting the investment strategy of the Scheme have been set with regard to the Scheme's Actuarial Valuation Report.

The Trustee's primary objectives are:

- “funding objective” - to ensure that the Scheme is fully funded using assumptions that contain a modest margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the employers;
- “stability objective” – to have due regard to the likely level and volatility of required contributions when setting the Scheme's investment strategy; and
- “security objective” – to ensure that the solvency position of the Scheme (as assessed on a gilt basis) is expected to improve. The Trustee will take into account the strength of employers' covenant when determining the expected improvement in the solvency position of the Scheme.

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 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 invested predominantly on regulated markets (with investments not on regulated markets being kept to a prudent level) and properly 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.

Investment in derivatives is only made by the Scheme's investment manager in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

The Scheme's investment strategy targets a return of 1.75% p.a. above that of an investable proxy of the Scheme's liabilities.

The Scheme has a target inflation-linked hedge of 90% and a target interest hedge of 90% of the Scheme's Technical Provision liabilities

The Balance Between Different Kinds of Investments

The Trustee recognises that the key source of financial risk (in relation to meeting its objectives) arises from investment strategy.

It therefore retains responsibility for setting the investment strategy and takes expert advice as required from its professional advisers.

Additionally, the Trustee has appointed AIL's Delegated Consulting Service ("DCS") to manage the Scheme's assets. Within both the Growth Component and Liability Hedging Component of DCS, the Trustee has delegated responsibility to set the asset allocation to AIL. This has been done to further aid the diversification of the Scheme's assets and to reduce the investment risk relative to the Scheme's liabilities.

The Trustee reviews the investment strategy following each formal actuarial valuation of the Scheme (or more frequently should the circumstances of the Scheme change in a material way). The Trustee takes written advice from their professional advisers regarding an appropriate investment strategy for the Scheme.

A broad range of available asset classes has been considered. This includes consideration of so called "alternative" asset classes (including but not limited to property, absolute return funds, insurance linked securities and illiquid credit) and liability driven investment (LDI), which seeks to match the movement of the liabilities. AIL will retain oversight of the alternative asset classes and allocation decisions related to them.

Investment Risk Measurement and Management

The key investment risks are recognised as arising from investment strategy. These are assessed triennially in conjunction with the actuarial valuation of the Scheme, following which the Trustee takes advice on the continued appropriateness of the existing investment strategy. A check is made as to whether the funding and investment strategy remains on target to achieve the original objectives, and within acceptable parameters. If not, then corrective action is considered by adjusting investment policy or through amendments to the contribution plan.

The Trustee and its advisers considered the risk of failure of the Scheme's sponsoring employer when setting investment strategy and have consulted with the sponsoring employer as to the suitability of the proposed strategy.

The Trustee monitors the risks arising through the selection or appointment of fund managers on a quarterly basis via investment monitoring reports prepared by its professional advisors. Manager out-performance targets are detailed in the appendix of this Statement. The Trustee has appointed Aon Hewitt Limited to alert them on any matters of material significance that might affect the ability of each fund manager to achieve its objectives.

The Trustee acknowledges that investment returns achieved outside of the expected deviation (positive or negative) may be an indication that the investment manager is taking a higher level of risk than mandated.

The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. The Trustee also recognises that where it takes investment decisions, it must have sufficient expertise and appropriate training to be able to evaluate critically any advice it takes.

Arrangements with Asset Managers

The Trustee recognises that the arrangements with AIL, and correspondingly the underlying asset managers, are important to ensure that interests are aligned. In particular, the Trustee seeks to ensure that AIL is incentivised to operate in a manner that generates the best long-term results for the Scheme and its beneficiaries.

The Trustee receives regular reports and verbal updates from AIL 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 and assess AIL over rolling 3-year time periods.

The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by AIL, which supports the Trustees in determining the extent to which the Scheme's engagement policy has been followed throughout the year.

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

The Trustee delegates the ongoing monitoring of underlying asset managers to AIL. AIL monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the underlying asset managers are aligned with the investment objectives of the Scheme.

This includes monitoring the extent to which the underlying asset 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 to improve their performance in the medium- to long-term.

Before appointment of a new fiduciary 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 or express their expectations (such as through side letters, in writing, or verbally at trustee meetings) so that there is more alignment.

The Trustee relies on appropriate governing documentation, with clear expectations and regular monitoring to ensure AIL make decisions that align with its policies based on assessments of medium- and long-term financial and non-financial factors.

Where AIL is 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 engage with AIL to understand the circumstances and materiality of the decisions made.

There is typically no set duration for arrangements with AIL although the continued appointment will be reviewed periodically. Similarly, there are no set durations for arrangements with the underlying

asset managers that AIL invests in, although this is regularly reviewed as part of the manager research and portfolio management processes in place.

Custody

Investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets. The managers of the pooled fund are responsible for the appointment and monitoring of the custodian of the fund's assets.

The custodians are independent of the employers.

Expected Returns on Assets

Over the long-term the Trustee's expectations are:

- for the "growth" assets (DCS Growth Component), to achieve asset growth in excess of the growth of the Scheme's liabilities over the long term. The Trustee is willing to incur short-term volatility in asset price behaviour with the expectation that over the long term these assets will outperform asset classes which may be regarded as matching the liabilities;
- for the "matching" assets (DCS Liability Hedging Component), to match a percentage of the Scheme's fixed and interest and inflation-linked liabilities through the use of bonds and gilt derivative instruments, interest rate swaps, and / or inflation swaps. The Trustee is willing for the percentage match to move underweight versus its target to take advantage of pricing opportunities in these instruments.

Returns achieved by the fund managers are assessed against performance benchmarks set by the Trustee in consultation with its advisers and fund managers.

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).

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

In setting the Scheme's 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 considers investment risk (defined as "financially material"¹) to include ESG factors (which includes climate change). These risks could negatively impact the Scheme's investments. The Trustee considers these risks by taking advice from its investment adviser.

The Trustee has appointed AIL to manage the Scheme's assets. 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 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 ultimately this creates long-term financial value for the Scheme and its beneficiaries.

The Trustee has delegated all voting and engagement activities to the Scheme's Underlying Managers, via its investment manager AIL. The Trustee accepts responsibility for how the Underlying Managers steward assets on its behalf, including the casting of votes in line with each Underlying Manager's individual voting policies. The Trustee relies on AIL to review manager voting and engagement policies and activities on an annual basis. AIL review these factors to check they are aligned with expectations and can reasonably be considered to be in the Trustee's, and therefore the members', best interests.

As part of AIL's management of the Scheme's assets, the Trustee expects AIL to:

- monitor and engage with Underlying Managers, including prospective Underlying Managers, on the extent to which they exercise voting rights (where appropriate) in relation to the Scheme's assets; and
- report to the Trustee on stewardship activity by Underlying Managers as required.

Underlying Managers are expected to vote at company meetings and engage with companies on the Trustee's behalf in relation to ESG considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest). Where possible, the transparency for voting should include voting actions and rationale with relevance to the Plan, in particular where: votes were cast against management; votes against management generally were significant; votes were abstained; voting differed from the voting policy of the Trustee. Where voting is concerned the Trustee would expect underlying asset managers, to recall stock lending, as necessary, in order to carry out voting actions.

The Trustee will engage with AIL, who in turn is able to engage with underlying asset managers, investee company or other stakeholders, on matters including performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest.

This engagement aims to ensure that robust active ownership behaviours, reflective of the Trustee's active ownership policies, are being actioned. This will take the form of annual reporting and follow up meetings, where necessary, from AIL. Such reporting will be made available to Scheme members on request.

Should the Trustee's monitoring process reveal that an Underlying Manager's voting and engagement policies and actions are not aligned with the Trustee's expectations, the Trustee will engage with AIL, via different medium such as emails and meetings, to discuss how alignment may be improved to bring about the best long-term outcomes for the Scheme.

Given the Trustee delegates its stewardship activities to AIL, the Trustee has also chosen to adopt AIL's stewardship priorities. Currently AIL's engagement activity focuses on climate risk and decarbonisation.

AIL carries out regular engagement with the appointed Underlying Managers on this theme to ensure they are appropriately considered as part of ongoing stewardship activity. This theme has been identified as a financially material ESG issue that has the potential to significantly impact the value of the Scheme's investments, and so the Trustee believes it is in members' best interests to consider this risk.

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").

Additional Voluntary Contributions ("AVCs") Arrangements

Some members obtain further benefits by paying AVCs to the Scheme. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions. Details of the AVC providers and fund options are included in the Appendix to this Statement.

The Trustee reviews the choice of AVC investments available to members triennially to ensure that they remain appropriate to the members' needs.

This Statement of Investment Principles, taken as a whole with all the Appendices, was approved by

the Trustee on 09 July 2025

Brambles Enterprises (1996) Pension Scheme Appendix to the Statement of Investment Principles

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

The Trustee's investment strategy has been established to maximise the likelihood of achieving the primary objectives set out in the attached Statement. The details are laid out below.

1. Investment Management Arrangements

The following describes the mandates given to the fiduciary manager within each asset class.

Fiduciary management Portfolio Component	Manager	Benchmark	Performance Objective
DCS Liability Hedging	AIL	Scheme's liabilities proxied by their sensitivity to inflation and interest rate movements, rescaled to 100% of the Scheme's total asset value	Outperform the benchmark by 1.75% p.a. over rolling 3 year periods (net of fees and costs)
DCS Growth	AIL		

1.1 Cash balances

A working balance of cash is held for imminent payment of benefits, expenses, etc. Under normal circumstances it is not the Trustee's intention to hold a significant cash balance and this is carefully monitored by the Scheme's administrator.

2. Fee structure for advisers and managers

2.1 Advisers

The Trustee's investment advisers are paid for advice received on the basis of an agreed annual fee which covers all services needed on a regular basis, including quarterly monitoring of the performance of the Scheme's investments and its managers as well as attendance at Trustee meetings. For significant areas of advice that are agreed to be outside of the contract, the Trustee will endeavour to agree a project budget.

2.2 Cost Transparency:

The Trustee is aware of the importance of monitoring their asset 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 other costs incurred by asset managers that can increase the overall cost incurred.

The Trustee receives annual cost transparency reports from AIL. 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 AIL;
- The fees paid to the underlying asset managers appointed by AIL;
- The amount of portfolio turnover costs (transaction costs) incurred by the asset managers appointed by AIL;

- The Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the funds of the underlying asset managers appointed by AIL;
- 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 Plan.

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 underlying asset managers appointed on behalf of the Trustee.

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 underlying asset managers;
- The ability of AIL to monitor ongoing investment costs (including additional fund expenses and portfolio turnover) incurred by the underlying asset managers and achieve efficiencies where possible

The Trustee assesses the (net of all costs) performance of AIL on a rolling three-year basis against the Scheme's specific liability benchmark and investment objective. The remuneration paid to AIL and fees incurred by third parties appointed by the AIL are provided annually by AIL to the Trustee. This cost information is set out alongside the performance of the AIL to provide context. The Trustee monitors these costs and performance trends over time

3. Additional Voluntary Contributions

The Scheme currently offers seven Prudential funds to AVC members, the funds offered are as follows:

Fund	Manager
Cash Fund	Prudential
Ethical Fund	
UK Equity Fund	
Global Equity Fund	
International Equity Fund	
Long Term Gilt Passive Fund	
With Profits Cash Accumulation Fund	

The AVC options were reviewed in February 2018 and a decision was made to maintain the existing AVC options.

4. Money Purchase Benefits

An historic Section 32 buy-out policy exists with monies invested with the Prudential. Members' assets have (as far as possible) been ring-fenced from the Scheme's assets.