



Scania Staff Pension Plan

Statement of Investment Principles

May 2026

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01 Introduction

This document constitutes the Statement of Investment Principles (the 'SIP') required under Section 35 of the Pensions Act 1995 for the Scania Staff Pension Plan ('the Plan'). It describes the investment policy being pursued by the Trustees of the Plan ('the Trustees') and is in accordance with the Government's voluntary code of conduct for Institutional Investment in the UK (the 'Myners Principles'). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

The Scheme Actuary is Jamie Hunter FIA, of XPS Pensions Limited and the Investment Adviser is XPS Investment Limited (collectively termed 'the Advisers').

The Trustees confirm that, before preparing this SIP, they have consulted with the employer, Scania (Great Britain) Limited (the 'Employer') and have obtained and considered written advice from the Investment Adviser. The Trustees believe the Investment Adviser to be qualified by their ability and practical experience of financial matters and to have appropriate knowledge of the investment arrangements that the Plan requires.

The Trustees are responsible for the investment of the Plan's assets and the administration of the Plan. Where it is required to make an investment decision in accordance with s36 of the Pensions Act 1995, the Trustees always receive advice from the Investment Adviser first. The Trustees believe that this ensures that this constitutes proper advice as such term is defined within the Pensions Act 1995 because the Investment Adviser is authorised and regulated by the Financial Conduct Authority and is understood to be appropriately familiar with the issues concerned.

Given the size of the Plan, the Trustees have decided the most cost-effective way of investing the Plan assets is to invest in pooled funds, rather than directly appointing an individual investment manager. Decisions about which pooled funds to invest in are made after receiving investment advice from the Investment Adviser.

The Trustees has purchased an insurance policy in the form of a bulk annuity (otherwise referred to as the "buy-in policy") which secures the benefits of all Plan members through an insurance company – with Pension Insurance Corporation Group Limited ("PIC"). The surplus assets – assets not used to purchase the buy-in policy – are invested separately to allow for Guaranteed Minimum Pension equalisation ("GMPe") liabilities and to meet administration costs and other expenses.

In accordance with the Regulations, this SIP will be reviewed at least every three years or on a significant change of implementing policy.

02 Plan governance

The Trustees are responsible for the governance and investment of the Plan's assets. The Trustees consider that the governance structure set out in this SIP is appropriate for the Plan as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day aspects to the Investment Manager of the pooled funds held. The Trustees have decided not to appoint an investment committee to which certain investment decisions may be delegated.

03 Investment objectives and key considerations

The Trustees' main priority is to invest the Plan's assets in the best interest of the members and beneficiaries. Within this framework the Trustees have agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which the Plan is exposed.

The Trustees' primary quantitative objectives are as follows:

- i. To ensure that they can meet their obligations to the Plan beneficiaries.

The Trustees have purchased a buy-in policy from PIC, securing the benefits of all Plan members through PIC, and will assess the benefits and timing of the Plan potentially completing a full buy-out in due course, as the most appropriate way in which to meet the primary investment objective.

The Trustees' additional objectives, which now relate to the invested residual amount, in excess of the buy-in policy, are as follows:

- i. To broadly match expected expenses and the interest rate and inflation sensitivities of the GMP equalisation liabilities.
- ii. Assets must be sufficiently liquid to avoid the risk of being unable to disinvest funds at a predictable price as and when required to meet immediate benefit outgo.
- iii. The Trustees will seek to keep the costs and manager risk in implementing the investment strategy to a minimum.

04 Asset allocation strategy

Having considered advice from the Investment Adviser, and also having due regard for the objectives, the Trustees have agreed, in consultation with the Employer, to invest the majority of assets in a buy-in policy. The advice covered the suitability of the insurance policy. The Trustees also received separate advice on the suitability of PIC as the buy-in policy provider.

The Trustees have adopted the following control framework in structuring the Plan's investments, which is now applicable for the invested residual amount in excess of the buy-in policy:

- All other things being equal there is a preference to invest via pooled funds, however segregated investments and contracts of insurance will be considered, depending on future circumstances.
- At the total Plan level (and within individual manager appointments) investments should be broadly diversified to ensure there is not a concentration of investment with any one underlying issuer. The restriction does not apply to investment in UK Government debt.
- Active management should be used where passive management isn't viable or as means of allocating between mainstream and specialist asset classes to improve governance and diversification.
- The Trustees will ensure that the assets of the Plan are invested in regulated markets.
- No investment will be made in securities issued by the Employer or affiliated companies (other than any such securities held within a pooled fund in which the Trustees invest).
- No investment will be made by an appointed Investment Manager in the securities issued by the relevant manager's company or any affiliated companies (other than any such securities held within a pooled fund in which the Trustees invest).
- Borrowing is not permitted except as to cover short term liquidity requirements.

The Trustees have taken the view that the investment objectives are best achieved by determining, and investing the residual amount in excess of the buy-in policy, in accordance with, an appropriate range of cash, and fixed and index-linked gilts. The latter are expected to move broadly in line with movements in the Plan's GMPE liabilities.

The target allocation is set out in Appendix A and any strategic changes in such allocations will only be made after receiving written advice from the Investment Adviser that such allocation remains consistent with the investment objectives. This will take place no less frequently than annually.

The funds that the Trustees have selected to achieve the investment objectives are detailed in Appendix B. If any changes are required to be made to the pooled funds, the Investment Adviser will provide appropriate advice to the Trustees, but for the avoidance of doubt any such change will not, in and of itself, constitute a change of investment policy requiring a revision to this SIP.

04.01 Alignment of incentives

Based on the structure set out in the Appendices, the Trustees consider the arrangements with the Investment Manager to be aligned with the Plan's overall strategic objectives. Details of each specific mandate are set out in agreements and pooled fund documentation with the Investment Manager.

The amounts allocated to any category or security will be influenced by the overall benchmark and objectives, varied, if appropriate, through the Investment Manager's tactical asset allocation preferences at any time, within any scope given to them through any asset allocation parameters set by the Trustees or governing the pooled funds in which the Plan is invested.

The Investment Manager is incentivised to perform in line with expectations for its specific mandate as its continued involvement as Investment Manager as part of the Plan's investment strategy – and hence the fees it receives – are dependent upon it doing so. It is therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustees' expectations, including its stewardship policies.

04.02 Rebalancing Policy

There is currently no automatic rebalancing policy applied to the Plan's assets. When disinvestments are necessary, the Scheme's Investment Adviser will advise on the assets from which to disinvest.

04.03 Rates of Return

The targets for each of the asset classes and specific funds are detailed in Appendix B.

04.04 Diversification

The choice of asset classes is designed to ensure that the Plan's investments are adequately diversified given the Plan's circumstances. The Trustees will monitor the strategy regularly to ensure that they are comfortable with the level of diversification.

04.05 Suitability

The Trustees have taken advice from the relevant Advisers to ensure that the asset allocation strategy is suitable for the Plan, given its investment objectives.

Recognising that non-sterling investments carry an element of currency risk, the Trustees have a policy of holding the majority/all of the assets in Sterling-denominated investments.

04.06 Liquidity

The Plan assets are held in asset classes that are sufficiently liquid to be realised easily if the Trustees require.

05 Strategy Implementation

The Trustees' investment strategy is detailed in Appendix A. The investment strategy is reviewed regularly by the Trustees to ensure it remains appropriate for meeting the objectives set out in Section 3 and for controlling the risks identified in Section 8.

05.01 Custody

Custody of the underlying assets is at the discretion of the Investment Manager, in relation to the funds held.

06 Monitoring

06.01 Investment Manager

The Trustees, or the Advisers on behalf of the Trustees, will regularly review the performance of the Investment Manager to satisfy themselves that the Investment Manager continues to carry out their work competently and in line with their mandate.

06.02 Advisers

The Trustees will monitor the advice given by the Advisers on a regular basis.

06.03 Portfolio turnover costs

The Trustees require the Investment Manager to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

06.04 Investment manager duration

Appointments of Investment Managers are expected to be driven by any timing decisions related to the ultimate buy-out of the Plan, but the Trustees will review the appointment of the Investment Manager in accordance with their responsibilities.

06.05 Performance and remuneration reporting

The Trustees receive regular investment performance reports to help inform their understanding of the long term performance of the portfolio and will discuss these with the Investment Adviser when it is deemed appropriate. In addition, any significant changes relating to the Trustees' selection and deselection criteria that the Investment Adviser is aware of may be taken into account by the Investment Adviser in recommending that a particular fund is/continues to be used as part of the overall portfolio.

If there are concerns about an Investment Manager's ongoing role in implementing the investment strategy, the Trustees may carry out a more in-depth review of a particular Investment Manager. Investment Managers may also attend Trustees' meetings as requested.

Fund manager remuneration is considered as part of the manager selection process. It is also monitored regularly with the help of the Investment Adviser to ensure it is in line with the Trustees' policies and with fee levels deemed by the Investment Adviser to be appropriate for the particular asset class and fund type.

06.06 Trustees

The Trustees maintain a record of all decisions taken, together with rationale in each case.

The Trustees are required to review this SIP on a triennial basis, or, without undue delay, following any changes to the investment strategy.

07 Fees

07.01 Funds

The Trustees, assisted by the Investment Adviser, will ensure that the fees charged by funds and their expense ratios are consistent with levels typically available in the industry for passive or active funds, as relevant.

07.02 Advisers

Fees paid to the Advisers are based either on actual time spent and hourly rates for relevant individuals, or on fixed fees for specifically defined projects.

08 Risks

The Trustees recognise a number of risks involved in the investment of assets of the Plan, including but not limited to:

- i. Investment objectives risk – the risk of failing to meet the objectives as set out in Section 3. This is addressed by the Trustees purchasing the buy-in policy to secure the benefits of all Plan members through PIC, as well as regularly monitoring performance and the funding level of the Plan.
- ii. Plan's assets/liabilities risk – the risk of adverse consequences arising through a mismatch between the Plan's remaining assets and liabilities. This can be addressed through the residual asset allocation strategy – in particular allocating a proportion of the Plan's assets to funds whose values are expected to help provide some protection against increases in the value of the Plan GMPe liabilities.
- iii. Strategy risk - the risk that the Investment Manager's asset allocation of the residual funds deviates from the Trustees' investment policy is addressed through regular reviews of the asset allocation. In reviewing the investment strategy on a periodic basis, the Trustees may consider the current economic factors affecting the asset classes in which they have invested and the short to medium term outlook for performance by reference to e.g. current and historic yields, GDP growth forecasts and other relevant factors. The Trustees will also consider how far the actual asset allocation has drifted from the strategic asset allocation and take action to rebalance if necessary.
- iv. Liquidity risk – the risk of holding assets that cannot be easily sold should the need arise. This can be addressed through the use of pooled funds, all/the majority of which have frequent redemption dates.
- v. Organisational risk – the risk of losses arising through operational mistakes or errors. This is measured by reference to the number of past such operational losses and can be addressed by seeking to minimise the number of changes to the pooled funds.
- vi. Sponsor risk – the risk that the Employer's covenant weakens (including the possibility that it might weaken to the extent that it ceases to exist), which for reasons of prudence, the Trustees have taken into account when setting the asset allocation strategy.
- vii. Insurance risk – the risk that any insurance contract fails to deliver the expected benefits to pensioner members. This can be addressed by acquiring insurance contracts with insurers with a strong credit rating.
- viii. Solvency risk – the risk that the life policy platform provider becomes insolvent. This can be addressed by buying a policy with a provider that has no general insurance risks.
- ix. Regulatory risk – the risk that arises from investing in a market environment where the regulatory regime may change. This may be compounded by political risk in those environments subject to unstable regimes.

- x. Irrevocability of entering into a buy-in policy - Decision and implications have been thoroughly examined through appropriate advice and have been agreed by the Trustees, with confidence in the rationale for the decision.
- xi. Risk of insolvency of the insurer - Should the insurer become insolvent, the Financial Services Compensation Scheme provides an extra level of security for payment of the benefits promised, for which the Trustees will still be liable.

The Trustees will keep these risks under regular review but acknowledge that it is not possible to monitor all the risks listed above at all times.

09 Other issues

09.01 Statutory Funding Requirement

The Trustees have obtained and considered proper advice on the question of whether the investments are satisfactory having regard to both the investment objectives and statutory funding requirements. The funding position is reviewed periodically by the Scheme Actuary, with a full actuarial valuation every three years.

The Trustees will consider with the Advisers whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding requirement.

09.02 Responsible investment

The Trustees have considered their approach to ESG and climate-related factors for the long-term time horizon of the Plan and believe there can be financially material risks relating to them. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change in relation to the buy-in arrangement to the Plan's Insurance Provider (PIC).

The Trustees have no direct influence on the range of assets which support payments due under the buy-in policy. However, prior to entering into the buy-in policy the Trustees did consider PIC's ESG and responsible investing criteria as key factors in determining its suitability as the Insurance Provider of the policy.

The Trustees' ongoing policy on responsible investment therefore relates only to the residual assets that remain invested with the Investment Manager, that the Trustees can, in theory, control. However, given that these assets are invested solely in UK government bonds and a sterling liquidity fund, the scope for the Trustees to influence ESG characteristics is limited and the Trustees rely on the investment manager's policies and processes in this area.

Therefore, the Trustees' policy is to delegate to the Investment Manager the exercise of rights attaching to investments, including voting rights, and to encourage the manager to engage with issuers where this is expected to protect or enhance the long-term value of the Plan's investments. In practice, the nature of the Plan's residual assets is such that there are no voting rights and limited scope for issuer-specific engagement. The Trustees nevertheless expect the investment manager to take account of relevant stewardship considerations in managing these assets

When considering the selection, retention or realisation of investments, the Trustees have a fiduciary responsibility to act in the best interests of the beneficiaries of the Plan, although they have neither sought, nor taken into account, the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Plan (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments.

The Trustees will review their policy on whether or not to take account of non-financial matters from time to time.

Appendix A

Strategic asset allocation

Having considered advice from the Advisers, and also having due regard for the objectives, the current GMPe liabilities of the Plan together with their expected timing, future Plan expenses, and the covenant of the Employer, the Trustees have decided upon the following benchmark allocation as being the basis for measuring investment performance:

Table 1: Strategic benchmark allocation

Asset Class	Benchmark (%)
<i>Matching Assets</i>	100.0
Single-stock Gilts	100.0
Cash	

The Plan assets are split between those relating to the main Plan and those relating to Additional Voluntary Contributions ('AVC's'). The above benchmark allocations apply to non AVC assets only.

Additional Voluntary Contributions ('AVCs')

Under the terms of the Trust Deed the Trustees are responsible for the investment of AVC's paid by members. The Trustees review the investment performance of the chosen providers on a periodic basis and take advice as to the providers' continued suitability.

Members' additional voluntary contributions are invested with a number of providers: Henderson, Utmost Life, Phoenix Life and Royal London.

AVCs previously-held with an additional provider are now held within the Trustees' bank account after that provider announced that it would no longer be providing an AVC offering. Those members affected each have a "Plan Cash Arrangement" which earmarks a notional individual holding within the Trustees' bank account and which receives interest in line with the Bank of England Base Rate for a period of time currently under consideration by the Trustees.

AVC options are reviewed periodically for suitability.



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Authorisation

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).