

MAN UK Group Pension Scheme

Statement of Investment Principles – December 2025

1. Introduction

The Trustees of the MAN UK Group Pension Scheme (the “Scheme”) have drawn up this Statement of Investment Principles (the “Statement”) to comply with the requirements of the Pensions Act 1995 (the “Act”) and associated legislation including the Occupational Pension Schemes (Investment) Regulations 2005 (as amended). The Statement is intended to affirm the investment principles that govern decisions about the Scheme’s investments. The Trustees’ investment responsibilities are governed by the Scheme’s Trust Deed and Rules, of which this Statement takes full regard.

In preparing this Statement, the Trustees have consulted a suitably qualified person by obtaining written advice from Mercer Limited (“Mercer”, the “Investment Adviser”). In addition, consultation has been undertaken with MAN Truck & Bus UK Limited and Everllence UK Limited (the “Participating Employers”) to ascertain whether there are any material issues of which the Trustees should be aware in agreeing the Scheme’s investment arrangements and, in particular, on the Trustees’ objectives.

The Scheme’s investment arrangements, based on the principles set out in this Statement, are detailed in the Investment Implementation Policy Document (“IIPD”). The IIPD is available to members on request.

The Scheme is governed by its Trust Deed and Rules which sets out all of the benefits in detail and specifies the Trustees’ investment powers. The investment powers do not conflict with this Statement.

2. Fund Governance

A brief overview of the various parties involved in the Scheme’s governance structure is set out below.

The Trustees

The Scheme’s assets are held in trust by the Trustees. The Trustees are responsible for the investment of the Scheme’s assets. The Trustees are able to delegate certain decisions. When determining which decisions to delegate, the Trustees will take into account whether they have the appropriate training and are able to secure the necessary expert advice in order to take an informed decision. Further, the Trustees’ ability to effectively execute the decision will also be considered.

The Investment Adviser

Mercer has been appointed as the Investment Adviser to the Trustees. The details of Mercer’s appointment, in terms of both obligations and remuneration, are contained in a signed agreement between the Trustees and Mercer. Mercer provides the Trustees with sufficient information to ensure that they are fully informed as to the decisions they take and to monitor those that they delegate. Mercer is paid according to an agreed fee basis. Fees for additional projects are negotiated separately.

The Trustees consider that Mercer meets the requirements of Section 36 (5) of the Pensions Act 1995.

The Investment Manager

The Trustees have chosen to entrust the design and implementation of the agreed long-term strategic framework of the Scheme to Mercer. This includes daily monitoring of the Scheme's self-sufficiency funding level, construction and day-to-day management of the Scheme's investment portfolio. Mercer in turn delegates responsibility for the investment of the assets to a range of underlying investment managers, as specified in the IIPD.

All investments will typically be held in collective investment funds managed by the underlying investment managers. The terms are contained in the documentation provided by the underlying investment managers to Mercer and from Mercer to the Trustees.

Details of the Scheme's strategic framework, within which the Investment Manager operates, and a listing of the Scheme's current portfolios managed by the Investment Manager (including a description of the mandates, benchmarks and performance targets) are set out in the IIPD.

3. Process For Choosing Investments

The Trustees have appointed Mercer to act as discretionary investment manager to implement a bond based investment strategy whereby the Scheme invests in such a way that expected cashflows should broadly match a proportion of the Scheme's expected liability cash-flow profile, whilst still targeting a return in excess of gilts (noting that the intention is to match as high a proportion as possible, subject to the level of expected return required).

In this capacity, and subject to agreed restrictions, the Scheme's assets are invested in multi-client collective investment schemes ("Mercer Funds") managed by a management company (Mercer Global Investments Management Limited ("MGIM")). MGIM has appointed Mercer Global Investments Europe Limited ("MGIE") as investment manager of the Mercer Funds. In practice, MGIE delegates the discretionary investment management for the Mercer Funds to sub-investment investment managers based in countries such as Ireland, UK and USA and those sub-investment managers will manage either a sub-fund or certain segments of a sub-fund. Mercer has expertise in identifying, selecting and combining highly rated fund managers who are best placed and resourced to manage the Scheme's assets on a day-to-day basis.

Under this framework, the Trustees retain control of the most important strategic decisions, whilst many of the day-to-day actions are delegated to Mercer.

In considering appropriate investments for the Scheme, the Trustees have obtained and considered the written advice of Mercer, whom the Trustees believe to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

4. Investment Objective

The Trustees understand that taking some investment risk, with the support of the Participating Employers, is necessary to improve the Scheme's current and ongoing solvency funding positions. The Trustees recognise that corporate bond based investments that aim to generate an excess return above UK gilts will bring some degree of volatility to the funding level, but in the expectation of improvements in the Scheme's funding level and reduction of the Scheme's deficit through outperformance of the liabilities over the long term.

The Trustees' primary objectives are to invest the Scheme's assets in the best interests of the members and beneficiaries, and in the case of a potential conflict of interest in the sole interest of the members and beneficiaries. Within the framework, the Trustees have agreed the following general objectives to help guide them in their strategic management of the assets and control of the various risks to which the Scheme is exposed.

- To ensure that the Scheme can meet its obligations to members and other beneficiaries.
- To pay due regard to the Participating Employers' interests in the size and incidence of employers' contribution payments.

In meeting these objectives, the Trustees' further objectives are to:

- Reach a position such that the Scheme's assets would be sufficient to exceed the liabilities as determined, in the event of the Scheme winding-up, on the basis of a buyout with an insurance company.
- By means of an agreed combination of investment return and funding budget from the Sponsor, move the Scheme to a position of being fully funded on a proxy buy-in basis as soon as practically possible.

In order to achieve the objectives set out above, the Trustees have implemented a bond-based investment strategy with a modest expected asset return over gilts and thereby targeting modest funding level improvements.

The objectives set out above and the risks and other factors referenced in section 6 of this Statement are those that the Trustees determine to be financially material considerations. Non-financial considerations are discussed in section 10.

5. Investment Strategy

The investment strategy of the Scheme is outlined in the IIPD.

The Trustees, with advice from the Scheme's Investment Advisor and Scheme Actuary, reviewed the Scheme's investment strategy most recently in 2025. This review considered the Trustees' investment objectives, their ability and willingness to take risk (the "risk budget") and how this risk budget should be allocated and implemented.

Following the review, the key decision was to retain a lower risk bond based strategy, with a high degree of liquidity, which is expected to continue to generate asset returns over and above the liabilities until a point at which a full Scheme buy-in is affordable. The Trustees decided to continue to engage Mercer to implement their strategy.

In implementing a low risk bond based strategy with Mercer, the Scheme will invest in a combination of funds that Mercer has constructed in such a way as to generate a sufficient level of return above the Scheme's liabilities, provide a high degree of matching for the Scheme's cashflows, while also targeting a high degree of liability hedging.

The result is expected to be better cashflow management, lower expected transaction costs over the lifecycle of the Scheme, a more stable long-term funding position, and an investment strategy which helps facilitate a smoother path to the Trustees' buy-in objective.

6. Investment Risk Management and Measurement

There are various risks to which any pension scheme is exposed. The Trustees' policy on risk management over the Scheme's anticipated lifetime is as follows:

- The primary risk upon which the Trustees focus is that arising through a mismatch between the Scheme's assets and its liabilities and the Sponsor's ability to support this mismatch risk.
- The Trustees' willingness to take investment risk will be dependent on the continuing financial strength and support of the Participating Employers.
- The Trustees recognise that whilst increasing risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Scheme's accruing liabilities as well as producing more short-term volatility in the Scheme's funding position. The Trustees have taken advice on the matter and (in the light of the objectives noted previously) considered carefully the implications of adopting different levels of risk.
- Whilst moving towards the target funding level, the Trustees recognise that even if the Scheme's assets are invested in assets intended to hedge versus the Scheme's liabilities (i.e. the Hedge Management portfolio) there may still be a mismatch between the interest-rate and inflation sensitivity of the Scheme's assets and the Scheme's liabilities due to the mismatch in duration between matching assets and actuarial liabilities.
- The Trustees also recognise that while the strategy is designed to approximately match expected cashflow requirements, changes in demographic assumptions, membership profile or other factors could lead to a mismatch between the investment strategy and required cashflow.
- The Trustees recognise the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustee aim to ensure the asset allocation policy in place results in an adequately diversified portfolio. Mercer aims to ensure the asset allocation policy in place results in an adequately diversified portfolio. Mercer provides the Trustees with regular monitoring reports regarding the level of diversification within the Trustees' portfolio.
- The Trustees recognise that even if the Scheme's assets are invested in hedge management assets there may still be a small mismatch between the interest rate and inflation sensitivity of the Scheme's assets and the Scheme's liabilities. The Scheme's investment strategy targets an interest rate and inflation hedge ratio of 100% but the Trustees recognises that the actual ratio may drift slightly from that

target from time to time. The Trustees also recognises that while the strategy is designed to approximately match expected cashflow requirements, changes in demographic assumptions, membership profile or other factors could lead to a mismatch between the investment strategy and required cashflow.

- The Trustees invest in leveraged Liability Driven Investment (“LDI”) funds to maintain the liability hedging without impacting on expected return but recognises that the use of leveraged LDI brings with it additional liquidity risks and requirements which can change over short periods of time with interest rate changes. The Trustees and Mercer review the Hedge Management portfolio as part of the regular reporting and strategy reviews, including consideration of the market stress buffer and governance.
- There is a risk that the day-to-day management of the assets will not achieve the rate of investment return expected by the Trustees. The Trustees recognise that the use of active investment managers involves such a risk. However, for specific asset classes, the Trustees believe that this risk is outweighed by the potential gains from successful active management. Likewise, passive management will be used for one of a number of reasons, namely to diversify and reduce risk and when investing in certain asset classes where, due to relatively efficient markets, the scope for achieving added value is more limited.
- To help diversify manager-specific risk, within the context of each of the funds in which the Scheme is invested, the Trustees expect that the Scheme assets are managed by appropriate underlying asset managers.
- By investing in the Mercer Funds, the Trustees do not make investments in securities that are not traded on regulated markets. However, should the Trustees Scheme's assets be invested in such securities, in recognition of the associated risks (in particular liquidity and counterparty exposure), such investments would normally only be made with the purpose of reducing the Scheme's mismatch risk relative to its liabilities or to facilitate efficient portfolio management. In any event the Trustees would ensure that the assets of the Scheme are predominantly invested on regulated markets.
- The Trustees recognise the risks inherent in holding illiquid assets. The Trustees have carefully considered the Scheme's liquidity requirements and time horizon when setting the investment strategy and liquidity risk is managed by ensuring illiquid asset classes represent an appropriate proportion of the overall investment strategy.
- The Trustees recognise that environmental, social and corporate governance concerns, including climate change, may have a financially material impact on return. Section 10 sets out how these risks are managed.
- There is a potential solvency risk, i.e. a risk that economic circumstances force the winding-up of the Scheme at a time when asset values are depressed and the Participating Employer cannot afford to make good the deficit. The Trustees therefore monitor the financial strength of the Participating Employer and its perceived commitment to the Scheme.

Should there be a material change in the Scheme's circumstances, the Trustees will advise Mercer, who will review whether and to what extent the investment arrangements should be altered; in particular whether the current de-risking strategy remains appropriate.

In addition, the investment strategy will be reviewed approximately annually.

6. Additional Voluntary Contributions

Arrangements in respect of members' Additional Voluntary Contributions ("AVCs") are set out in the IIPD.

7. Realisation of Investments

The Trustees on behalf of the Scheme hold shares in the Mercer Funds. In its capacity as investment manager to the Mercer Funds, MGIE, and the underlying sub-investment asset managers appointed by MGIE, within parameters stipulated in the relevant appointment documentation, have discretion in the timing of the realisation of investments and in considerations relating to the liquidity of those investments.

8. Cashflow and Cashflow Management

In the event of cashflows into, or out of, the Scheme, Mercer will invest or disinvest these as soon as reasonably practicable from the underlying funds at Mercer's discretion. Further detail on this process is set out in the IIPD.

9. Environmental, Social and Corporate Governance, Stewardship and Climate Change

The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

As noted above, the Trustees have appointed Mercer to act as discretionary investment manager in respect of the Scheme's assets and such assets are invested in a range of Mercer Funds managed by MGIE. Asset managers appointed to manage the Mercer Funds are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The United Nations' Sustainable Development Goals (SDGs) inform Mercer's long term investment beliefs and direct Mercer's and the Trustee's thinking when it comes to converting systemic risks into transformational investment opportunities as outlined in Mercer's Sustainability Policy.

The Trustees consider how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers in the monitoring process. However, the Trustee acknowledges that given the nature of their investments (bond and bond like assets that do not have associated voting rights that would allow the Trustee and Mercer to directly impact an issuer's policies) and the limited data currently available, there is a limited scope for integration. Mercer, and MGIE, are expected to provide reporting to the Trustees on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics. The Trustees expect Mercer to enhance their monitoring, reporting and engagement and integration as the industry evolves and the level and quality of data available improves.

Mercer's Climate Change Management report highlights the approach to the TCFD framework in more detail, including example analysis on strategy targets and metrics.

The Trustees recognise the conflict of interest which may arise in the context of responsible investment. Mercer and MGIE make investment decisions with the aim of improving long-term risk adjusted returns and assesses whether selected sub-investment managers have policies and procedures that manage conflicts in relation to stewardship. Sub-investment managers are required to report on any conflicts of interest and demonstrate that they have adhered to their conflicts of interest policies and reported any breaches.

Member views

Member views are not taken into account in the selection, retention and realisation of investments. However, the Trustees believe that the delegation of portfolio construction to Mercer will lead to ESG considerations that in the best interests of the Scheme as a whole.

Investment Restrictions

MGIE has given their appointed sub-investment asset managers restrictions in relation to particular products or activities for all equities and fixed income portfolio. Mercer is also a signatory of the Principles of Responsible Investment and engages with the UN Compact.

The Trustees have not set any additional investment restrictions but may consider this in future.

10. Trustees' Policies with Respect to Arrangements with, and Evaluation of the Performance and Remuneration of, Asset Managers and Portfolio Turnover Costs

When engaging Mercer as discretionary investment manager to implement the Trustees' investment strategy outlined in section 5, the Trustees are concerned that, as appropriate and to the extent applicable, Mercer is incentivised to align its strategy and decisions with the profile and duration of the liabilities of the Scheme, in particular, long-term liabilities.

As Mercer manages the Scheme's assets by way of investment in Mercer Funds, which are multi-client collective investment schemes, the Trustees accept that they do not have the ability to determine the risk profile and return targets of specific Mercer Funds but the Trustees expect Mercer to manage the assets in a manner that is consistent with the Trustees' overall investment objective as outlined in section 4. The Trustees have taken steps to satisfy themselves that Mercer has the appropriate knowledge and experience to do so and keeps Mercer's performance under ongoing review.

Should Mercer fail to align its investment strategies and decisions with the Trustees' policies, it is open to the Trustees to disinvest some or all of the assets invested managed by Mercer, to seek to renegotiate commercial terms or to terminate Mercer's appointment.

To evaluate performance, the Trustees receive, and consider, investment performance reports produced on a quarterly basis, which presents performance information and commentary in respect of the Scheme's funding level and the Mercer Funds in which the Trustees are invested. Such reports have information covering fund performance for the previous three months, one year, three years and since inception. The Trustees review the absolute performance and relative performance against a portfolio's and underlying investment manager's benchmark (over the relevant time period) on a net of fees basis. The Trustees' focus is on the medium to long-term financial and non-financial performance of Mercer and the Mercer Funds.

Neither Mercer or MGIE make investment decisions based on their assessment about the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying sub-investment asset managers appointed by MGIE to manage assets within the Mercer Funds. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term. The Trustees are, however, able to consider Mercer's and MGIE's assessment of how each underlying sub-investment asset manager embeds ESG into their investment process and how the manager's responsible investment philosophy aligns with the Trustees' own responsible investment policy. This includes the asset managers' policies on voting and engagement.

Section 10 provides further details of the steps taken, and information available, to review the decisions made by managers, including voting history and the engagement activities of managers to identify decisions that appear out of line with a Mercer Fund's investment objectives or the objectives/policies of the Scheme.

The asset managers are incentivised as they will be aware that their continued appointment by MGIE will be based on their success in meeting MGIE's expectations. If MGIE is dissatisfied then it will, where appropriate, seek to replace the manager.

The Trustees are long-term investors and are not looking to change their investment arrangements on an unduly frequent basis. However, the Trustees do keep those arrangements under review, including the continued engagement of Mercer using, among other things, the reporting described above.

The Trustees monitor, and evaluate, the fees it pays for asset management services on an ongoing basis taking into account the progress made in achieving its investment strategy objectives as outlined in section 4. Mercer's, and MGIE's, fees are based on a percentage of the value of the Scheme's assets under management which covers the design and annual review of the de-risking strategy, and investment management of the assets. In addition, the underlying sub-investment asset managers of the Mercer Funds also charge fees based on a percentage of the value of the assets under management. In some instances, some of the underlying managers may also be entitled to charge fees based on their performance.

MGIE reviews the fees payable to sub-investment asset managers managing assets invested in the Mercer Funds on a regular basis with any negotiated fee savings passed directly to the Scheme. Mercer's, MGIE's, and the sub-investment asset managers', fees are outlined in a quarterly investment strategy report prepared for the Trustees, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee.

Details of all costs and expenses are included in the Mercer Fund's Supplements, the Report & Accounts and within the Scheme's annualized, MiFID II compliant Personalised Cost & Charges statement. The Scheme's Personalised Cost & Charges statement also include details of the transaction costs associated with investment in the Mercer Funds.

The Trustees do not have an explicit targeted portfolio turnover range, given the de-risking mandate, but rebalancing ranges have been designed to avoid unnecessary transaction costs being incurred by unduly frequent rebalancing. Performance is reviewed net of portfolio turnover costs, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE.

11. Review of this Statement

The Trustees will monitor compliance with this Statement periodically. The Trustees will review this Statement in response to any material changes to any aspects of the Scheme, its liabilities, finances and the attitude to risk of the Trustees and the Participating Employers which they judge to have a bearing on the stated investment policy. This review will occur no less frequently than triennially to coincide with the Actuarial Valuation. Any such review will again be based on written expert advice and will be in consultation with the Participating Employers.