



Atradius UK Pension Scheme

Statement of Investment Principles (“SIP”)

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Purpose of this Statement

This SIP has been prepared by the Trustee of the Atradius UK Pension Scheme (the “Scheme”). This statement sets out the principles governing the Trustee’s decisions to invest the assets of the Scheme.

The Scheme’s investment strategy is derived from the Trustee’s investment objectives. The objectives have been taken into account at all stages of planning, implementation and monitoring of the investment strategy.

Details of the Scheme’s investment arrangements are set out in the Investment Implementation Document (“IID”).

In reviewing and revising this Statement, the Trustee has consulted with Atradius Crédito y Caución S.A. de Seguros y Reaseguros (the “Company”) and will do so whenever it intends to review the Statement. However, responsibility for maintaining the Statement and deciding upon the investment policy rests solely with the Trustee.

Governance

The Trustee of the Scheme makes all major strategic decisions including, but not limited to, the Scheme’s asset allocation and the appointment and termination of investment managers. When making such decisions, and when appropriate, the Trustee takes proper written advice. The Trustee’s investment advisers, Isio Group Limited, are qualified by their ability in and practical experience of financial matters and have the appropriate knowledge and experience. The investment advisers’ remuneration may be a fixed fee or based on time worked, as negotiated by the Trustee in the interests of obtaining best value for the Scheme.

Investment sub-committee

The Trustee has established an Investment Sub-committee (“ISC”) to assist in the management of the Scheme’s investment arrangements. The ISC will make recommendations to the Trustee on how the Scheme’s investments should be managed, but it does not have authority to make and implement decisions unless specifically agreed by the Trustee.

Scheme details

The Scheme operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries.

Prior to 6 April 2016, members of the Scheme were contracted-out of the State Second Pension under the Pensions Schemes Act 1993.

Since 6 April 2006, the Scheme has been treated by HM Revenue and Customs (HMRC) as a registered pension scheme, in accordance with Schedule 36 of the Finance Act 2004.

Financial Services and Markets Act 2000

In accordance with the Financial Services and Markets Act 2000, the Trustee will set the Scheme’s investment policy, but will delegate the responsibility for selection of specific investments to an appointed investment manager or managers, which may include an insurance company or companies. The investment managers shall provide the skill and expertise necessary to manage the investments of the Scheme competently.

Investment objectives

The Trustee invests the assets of the Scheme with the aim of ensuring that all members’ current and future benefits can be paid. The Scheme’s funding position will be reviewed on an ongoing basis to assess the position relative to the funding target and whether the investment arrangements remain appropriate to the

Scheme's circumstances. The Scheme's funding target is specified in the Statement of Funding Principles. The Scheme's present investment objective is to achieve a return of around 0.8% per annum above the return on a liability matching portfolio of UK Government bonds.

Investment strategy

The Trustee takes a holistic approach to considering and managing risks when formulating the Scheme's investment strategy.

The Scheme's investment strategy was derived following careful consideration of the factors set out in Appendix A. The considerations include the nature and duration of the Scheme's liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of employer contributions required to fund the Scheme, and also the strength of the sponsoring company's covenant. The Trustee considered the merits of a range of asset classes.

The Trustee recognises that the investment strategy is subject to risks, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and liabilities. This risk is managed by investing in assets which are expected to perform in excess of the liabilities over the long term and also by investing in a suitably diversified portfolio of assets with the aim of minimising (as far as possible) volatility relative to the liabilities.

The assets of the Scheme consist predominantly of investments which are traded on regulated markets.

Investment Management Arrangements

The Trustee has appointed investment managers to manage the assets of the Scheme as listed in the IID/SIP. The investment managers are regulated under the Financial Services and Markets Act 2000.

All decisions about the day-to-day management of the assets have been delegated to the investment managers via a written agreement. The delegation includes decisions about:

- Selection, retention and realisation of investments including taking into account all financially material considerations in making these decisions;
- The exercise of rights (including voting rights) attaching to the investments;
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustee takes investment managers' policies into account when selecting and monitoring managers. The Trustee also takes into account the performance targets the investment managers are evaluated on. The investment managers are expected to exercise powers of investment delegated to them, with a view to following the principles contained within this statement, so far as is reasonably practicable.

The Trustee has appointed a custodian to operate alongside the investment managers in place. The custodian provides safekeeping for the assets and performs all associated administrative duties such as the collection of dividends.

Investment Manager Monitoring and Engagement

The Trustee monitors and engages with the Scheme's investment managers and other stakeholders on a variety of issues. Below is a summary of the areas covered and how the Trustee seeks to engage on these matters with investment managers.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy and Risk	<ul style="list-style-type: none"> The Trustee receives a quarterly performance report which details information on the underlying investments' performance, strategy and overall risks, which are considered at the relevant Trustee and/or ISC meetings. The Scheme's investment managers are invited, in person to present to the Trustee and/or ISC on their performance, strategy and risk exposures. 	<ul style="list-style-type: none"> There are significant changes made to the investment strategy. The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Trustee's expectations. Underperformance vs the performance objective over the period that this objective applies.
Environmental, Social, Corporate Governance factors and the exercising of rights	<ul style="list-style-type: none"> The Trustee's investment managers provide regular reports on how they have engaged with issuers regarding social, environmental and corporate governance issues. The Trustee receives information from their investment advisers on the investment managers' approach to engagement. The Trustee will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters at least annually. 	<ul style="list-style-type: none"> The manager has not acted in accordance with their policies and frameworks. The manager's policies are not in line with the Trustee's policies in this area.

Through the engagement described above, the Trustee will work with the investment managers to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustee will review the relevant investment manager's appointment and will consider terminating the arrangement.

Employer-related investments

The policy of the Trustee is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 except where the Scheme invests in collective investment schemes that may hold employer-related investments. In this case, the total exposure to employer-related investments will not exceed 5% of the Scheme's total asset value. The Trustee will monitor this on an ongoing basis to ensure compliance.

Direct investments

Direct investments, as defined by the Pensions Act 1995, are products purchased without delegation to an investment manager through a written contract. When selecting and reviewing any direct investments, the Trustee will obtain appropriate written advice from their investment advisers.

Additional Voluntary Contributions

The Scheme provides a facility for members to pay Additional Voluntary Contributions (AVCs) into the Scheme to enhance their benefits at retirement. The Trustee's objective is to provide a range of funds which will provide a suitable long-term return for members, consistent with members' reasonable expectations. In keeping with their policy for the main Scheme assets, the Trustee's policy is to seek to achieve this objective through offering members the

opportunity to invest in a suitable mixture of real and monetary assets. The Scheme's default AVC strategy is a "lifestyle" strategy where members' AVCs are initially allocated to a diversified growth fund which aims to generate growth over the long term. Within 5 years of retirement, the fund is progressively switched to cash to reflect that members are able to use their AVCs as part of their tax free cash sum at retirement.

The Trustee keeps under review the suitability of the AVC contributions and the funds within which they are invested.

Compliance

This Statement has been prepared in compliance with the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005. Before preparing or subsequently revising this Statement, the Trustee consulted the sponsoring Company and took appropriate written advice. The Statement is reviewed at least every three years, and without delay after any significant change in the investment arrangements.

Signed and dated 17 July 2023 for and on behalf of the Trustee of the Atradius UK Pension Scheme.

Appendix A

Risks, Financially Material Considerations and Non-Financial matters

A non-exhaustive list of risks and financially material considerations that the Trustee has considered and sought to manage is shown below.

The Trustee adopts an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks	Definition	Policy
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	<ul style="list-style-type: none"> Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the sponsoring company's covenant strength. Investing in a diversified portfolio of assets.
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	<ul style="list-style-type: none"> Funding risk is considered as part of the investment strategy review and the actuarial valuation. The Trustee will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	<ul style="list-style-type: none"> When developing the Scheme's investment and funding objectives, the Trustee takes account of the strength of the Company covenant ensuring the level of risk the Scheme is exposed to is at an appropriate level for the covenant to support.

The Scheme is exposed to a number of underlying risks relating to the Scheme's investment strategy, these are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge broadly all of the Scheme's interest rate and inflation risk.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI portfolio.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.
Credit	Default on payments due as part of a financial security contract.	To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory The Trustee monitors the managers on an ongoing basis.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Hedge currency risk on overseas exposure.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.

Appendix B

The Trustee have the following policies in relation to the investment management arrangements for the Scheme:

<p>How the investment managers are incentivised to align their investment strategy and decisions with the Trustee policies.</p>	<ul style="list-style-type: none"> The Trustee has segregated arrangements with the investment managers, thereby allowing investment managers to align their strategy with the Trustee policies. This is reviewed on an ongoing basis.
<p>How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.</p>	<ul style="list-style-type: none"> The Trustee reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements. The Trustee monitors the investment managers' engagement and voting activity on an annual basis as part of their ESG monitoring process. The Trustee does not incentivise the investment managers to make decisions based on non-financial performance.
<p>How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee policies.</p>	<ul style="list-style-type: none"> The Trustee reviews the performance of all of the Scheme's investments where possible on a net of cost basis to ensure a true measurement of performance versus investment objectives.
<p>The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.</p>	<ul style="list-style-type: none"> The Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis where possible.
<p>The duration of the Scheme's arrangements with the investment managers</p>	<ul style="list-style-type: none"> The duration of the arrangements is considered in the context of the type of fund the Scheme invests in. The Scheme's investment mandates are open-ended and therefore the duration is flexible. The Trustee will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.
<p>Voting Policy (where applicable) - How the Trustee expect</p>	<ul style="list-style-type: none"> The Trustee monitors the voting policies that are implemented by the Scheme's investment managers on their behalf.

investment managers to vote on their behalf	
Engagement Policy - How the Trustee will engage with investment managers, direct assets and others about ‘relevant matters’	<ul style="list-style-type: none"> • The Trustee monitors the engagement policies that are implemented by the Scheme’s investment managers on their behalf. • The Trustee, via their investment advisers, will engage with managers about ‘relevant matters’ at least annually. • Example stewardship activities that the Trustee have considered are listed below. <ul style="list-style-type: none"> ○ Selecting and appointing asset managers – the Trustee will consider potential managers’ stewardship policies and activities. ○ Asset manager engagement and monitoring – on an annual basis, the Trustee assess the voting and engagement activity of their asset managers. The results of this analysis feeds into the Trustee’s investment decision making.