

Statement of Investment Principles for the Next Group Pension Plan – December 2025

1. Introduction

This Statement of Investment Principles (“SIP”) sets out the policy of Next Pension Trustees Limited (“the Trustee”) on various matters governing decisions about the investments of the Next Group Pension Plan (“the Plan”).

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 (“the Act”), the Occupational Pension Schemes (Investment) Regulations 2005, and the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

This SIP has been prepared after obtaining and considering written professional advice from LCP, the Plan’s investment adviser, whom the Trustee believes to be suitably qualified and experienced to provide such advice. The advice takes into account the suitability of investments including the need for diversification, given the circumstances of the Plan, and the principles contained in this SIP. The Trustee has consulted with the relevant employer in producing this SIP.

The Trustee will review this SIP from time to time and, with the help of its advisers, will amend it as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy and at least once every three years.

2. Investment objective

In October 2013, the Trustee transferred the majority of the Next Group Pension Plan assets to the 2013 Next Group Pension Plan, leaving on the DB side the Aviva annuity policies and some additional assets to cover winding up lump sums and expenses.

The Trustee’s objective is to wind up the Plan in a cost effective and efficient manner. Therefore, the Trustee’s policy on expected return is that the assets that remain should aim to deliver a return that is sufficient to cover the cost of winding up the Plan, without further contributions from the employer and meet the associated liabilities of the Plan.

3. Investment strategy

The Trustee, with the help of its advisers, reviewed the investment strategy of the Plan’s non-insured assets in November 2025. The non-insured assets are now only needed for meeting the wind-up expenses of the Plan – therefore the Trustee decided to invest the non-insured assets in a liquidity fund (the L&G Sterling Liquidity Fund).

4. Considerations made in determining the investment arrangements

When deciding how to invest the Plan’s assets, the Trustee considers a number of risks. Some of these risks are more quantifiable than others, but the Trustee has tried to allow for the relative importance and magnitude of each risk.

In setting the strategy the Trustee also took into account:

- the best interests of members and beneficiaries;

- the circumstances of the Plan, including the profile of the expected outgoings;
- the risks, rewards and suitability of a number of possible asset classes and investment strategies; and
- the need for appropriate diversification between different asset classes.

5. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

The Trustee has limited influence over managers' investment practices because all the Plan's non-insured assets are held in a pooled fund and in the Trustee bank account.

The Trustee's view is that the fees paid to the investment manager, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines, and restrictions of their fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement, and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers to make decisions based on assessments of the longer term performance of debt/equity issuers, and to engage with issuers to improve their performance (or where this is not appropriate to explain why). The Trustee assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance over both shorter and longer term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance.

The Trustee's policy is to evaluate investment managers by considering performance, the role it plays in helping to meet the overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management. Since the impact of these costs is reflected in performance figures used in the Trustee's assessment of the investment managers, the Trustee does not explicitly monitor portfolio turnover. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Plan's investment mandates.

The Trustee has entered into an insurance policy with Legal & General Assurance (Pensions Management) Limited to manage the Plan's assets. Investment management of these assets is delegated to Legal & General Investment Management. The insurance policy sets out details of the terms under which the Plan's assets are managed. Custody of the assets is arranged by Legal & General.

6. Realisation of investments

The investment manager has discretion over the timing of realisation of investments of the Plan within the portfolios that they manage and in considerations relating to the liquidity of investments. When appropriate, the Trustee, on the administrators' recommendation, decides on the amount of cash required for benefit payments and other outgoings and informs the investment manager of any liquidity requirements. The L&G Sterling Liquidity Fund is daily dealing.

7. Financial material considerations and non-financial matters

The Trustee has considered how environmental, social, and governance ("ESG") factors (including but not limited to climate change) should be taken into account in the selection, retention and realisation of investments. The Trustee considers that it is necessary in all circumstances to act in the best financial interests of the beneficiaries and, where this primary consideration is not prejudiced, the Trustee may ask the investment manager specifically to take these issues into account. The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but encourages its managers to improve their practices within the parameters of the fund.

The Trustee influences the Plan's approach to ESG and other financially material factors through its investment strategy and manager selection decisions. The Trustee expects its investment managers to take account of financially material factors (including climate change and other ESG factors) within the parameters of the mandates they are set. The Trustee seeks to appoint managers that have the skills and processes to do this. The Trustee notes ESG considerations are not that relevant given the non-insured assets are only held in a liquidity fund and the Trustee bank account.

The Trustee does not consider any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention, and realisation of investments.

8. Voting and engagement

The Plan's only investments are buy-in policies with Aviva, and units of a pooled liquidity fund managed by Legal & General. Therefore, voting considerations are not relevant since none of the Plan's assets have voting rights associated with them, and there are no companies to engage with.

For on behalf of the Trustee of the Next Group Pension Plan:

Signed: _____