

Westcode Semiconductors Limited Pension Scheme

Statement of Investment Principles (“SIP”) – November 2024

Purpose of this Statement

This SIP has been prepared by the Trustees of the Westcode Semiconductors Limited Pension Scheme (the “Scheme”). This statement sets out the principles governing Trustee decisions to invest the assets of the Scheme.

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

Governance

The Trustees of the Scheme will make all major strategic decisions including, but not limited to, the Scheme’s asset allocation and the appointment and termination of investment managers and platform providers.

When making such decisions, and when appropriate, the Trustees will take proper written advice. The Trustees’ investment advisers, Isio, 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 Trustees in the interests of obtaining best value for the Scheme.

Investment objectives

The Trustees invest 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 assets are invested with an insurer, Just Retirement Limited (“Just”), via a buy-in policy. Just is regulated under the Financial Services and Markets Act 2000.

Investment strategy

The Trustees take a holistic approach to considering and managing risks when formulating the Scheme’s investment strategy.

The Scheme’s investment strategy is to invest according to the following asset allocation:

Asset class	Fund Name	Proportion %
Insurance policy	Buy-in	100
Total		100

Any residual cash is being held in the Trustee Bank Account.

The Scheme’s investment strategy was derived following careful consideration of 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 contributions required to fund the cost of insuring the liabilities, and also the strength of the sponsoring company’s covenant (see Appendix A). The Trustees have considered these risks when setting the investment strategy and agreed the best way to mitigate these risks was to insure member benefits via a buy-in policy.

Further information on the risks, financially material considerations and non-financial matters that have been considered when deciding on the Scheme’s investment strategy are set out in Appendix A.

Implementation

The Scheme's assets are invested with an insurer, Just Retirement Limited, via a buy-in policy.

The Trustees have delegated all day-to-day decisions about the operations that fall within the mandate to the insurer through a written contract. When choosing investments, the Trustees and the insurer (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The insurer's duties include voting and corporate governance in relation to the assets.

Environmental, Social and Governance ("ESG") considerations

The Trustee considers investment risk to include ESG factors and climate change. These risks could negatively impact the Scheme's investments.

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

- Where relevant, assess the integration of ESG factors in the investment process; and
- Use its influence to engage to ensure the Scheme's assets are not exposed to undue risk.

Stewardship – voting and engagement

As part of the management of the Scheme's assets, the Trustee expects the insurer to ensure that (where appropriate) it exercises the Trustee voting rights in relation to the Scheme's assets.

Employer-related investments

The Trustees' policy is to not 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 buy-in policy is consistent with this.

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 Trustees will obtain appropriate written advice from their investment advisers.

The buy-in policy is a direct investment.

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 Trustees 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:

Date:

Appendix A – Risks, Financially Material Considerations and Non-Financial matters

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

The Trustees will adopt 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. Considered when deciding which insurer to use to transact the buy-in policy.
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cashflows.	<ul style="list-style-type: none"> Funding risk is considered as part of the investment strategy review and the actuarial valuation. The Trustees have fully insured the Scheme's liabilities via a buy-in policy.
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"> The nature of the buy-in policy now largely mitigates against the impact of a change in the Sponsor covenant. Reliance on the Sponsor covenant will only be removed entirely when the Scheme transitions to buy-out.

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.	Mitigated by insuring member benefits via a buy-in policy.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	Mitigated by insuring member benefits via a buy-in policy.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	Mitigated by insuring member benefits via a buy-in policy.
Credit	Default on payments due as part of a financial security contract.	Mitigated by insuring member benefits via a buy-in policy.
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.	Mitigated by insuring member benefits via a buy-in policy.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Mitigated by insuring member benefits via a buy-in policy.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	No longer applicable given the liabilities are insured via a buy-in policy.