

Napp Pharmaceutical Group Pension Scheme

Statement of Investment Principles – June 2026

1. Introduction

The Trustee of the Napp Pharmaceutical Group Pension Scheme (“the Scheme”) has drawn up this Statement of Investment Principles (“the Statement”) to comply with the requirements of the following legislation:

- Pensions Act 1995 as amended by the Pensions Act 2004 and subsequent legislation; and
- The Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

The Statement is intended to affirm the investment principles that govern decisions about the Scheme’s investments.

In preparing this Statement, the Trustee has consulted the Principal Employer (see Section 13) to ascertain whether there are any material issues of which the Trustee should be aware in agreeing the Scheme’s investment arrangements.

2. Process For Choosing Investments

The process for choosing investments is as follows:

- Identify appropriate investment objectives;
- Agree the level of risk consistent with meeting the objectives set; and
- Construct a portfolio of investments that is expected to maximise the return (net of all costs) given the targeted level of risk.

In considering the appropriate investments for the Scheme the Trustee has obtained and considered the written advice of Mercer Limited (“Mercer”), whom the Trustee believes to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee’s opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

3. Investment Objectives

The Trustee’s objective is to invest the Scheme’s assets in the best interest of the members and beneficiaries, and in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries.

To guide them in their strategic management of the assets and control of various risks to which the Scheme is exposed, the Trustee (in consultation with the Company) has adopted the following objectives:

- To make sure that obligations to the beneficiaries of the Scheme are met.
- To pay due regard to the level of covenant support provided by Napp Pharmaceutical Holdings Limited.

The Trustees entered into a bulk annuity contract with Rothesay Life Plc (“Rothesay”) in January 2026. The policy is designed to cover all member benefits accrued in the Scheme. The Scheme’s residual assets are invested in the BlackRock ICS Sterling Liquidity Fund

4. Risk Management and Measurement

The Trustees take into account the following main risks arising from the Scheme’s investment in a bulk annuity policy:

- *Counterparty risk:* The principal risk facing the Trustees and Scheme members is that Rothesay may default on its obligations under the bulk annuity policy. Before entering into the bulk annuity contract, the Trustees obtained and carefully considered professional advice regarding the suitability of the insurer as bulk annuity provider. In addition the Trustees are aware of regulatory oversight and intervention and, ultimately, that there is a level of protection offered to members by the Financial Services Compensation Scheme (“FSCS”) and the Pension Protection Fund (“PPF”).
- *Concentration risk:* The Trustees recognise that the decision to invest in a bulk annuity contract with only one provider, whilst reducing operational risks and complexity, represents a degree of concentration risk. However, after careful scrutiny of the provider prior to transacting, the Trustees are satisfied that the degree of risk taken is acceptable. In addition, Rothesay invests in a diverse portfolio of assets to mitigate this risk.
- *Illiquidity risk:* The bulk annuity contract is an illiquid investment and cannot be traded. The Trustees are satisfied given the nature of the contract and the security it provides in paying members’ benefits as they fall due. The cash reserve is expected to be sufficient to meet any additional, residual cashflow requirements not covered by the annuity contract.

Should there be a material change in the Scheme’s circumstances, the Trustee will review whether and to what extent the investment arrangements should be altered; in particular, whether the current risk profile remains appropriate.

5. Investment Strategy

After consultation with the Company, and having received formal written advice from the Investment Adviser, the Trustees purchased a bulk annuity policy with Rothesay to meet the Scheme’s liability for all of the members’ pensions in January 2026. The insurance company was chosen after considering a number of factors, including financial strength and the quoted premium. The surplus assets are currently held in the BlackRock ICS Sterling Liquidity Fund (cash), however the Trustees may consider investing the residual assets in other asset classes if appropriate in the future.

6. Cashflow Policy

Where required, cash will be disinvested from the BlackRock ICS Sterling Liquidity Fund to meet cashflow requirements and ongoing Scheme expenses.

7. Responsible Investment and Corporate Governance

The Trustee believes 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

Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly require explicit consideration.

The Scheme's assets are invested predominantly in an annuity contract with Rothesay. The Trustees are reliant on the insurer's policies on responsible investment and corporate governance. Given the investment arrangements, the Trustees recognise that they have low direct exposure to risks arising from long-term sustainability issues.

8. Investment Manager Appointment, Engagement and Monitoring

Engagement with the Investment Manager

Other than the BlackRock ICS Sterling Liquidity Fund, the remainder of the Scheme's assets are now made up of the bulk annuity policy with Rothesay. The Trustees are unable to incentivise the insurer, remunerate or monitor portfolio turnover costs as these are not applicable to the bulk annuities..

Additional Assets

Additional Voluntary Contributions (AVCs) are separately invested on a money purchase basis with Scottish Widows (operating as Clerical Medical) and Prudential (who offer a range of funds in which members can invest their AVCs).

In addition to the residual assets held in the BlackRock ICS Sterling Liquidity Fund, a relatively low balance of Scheme assets is also held in deposit and current bank accounts to facilitate benefit payments.

9. Insurance Policy

The Scheme assets are invested in a bulk annuity policy with Rothesay. Rothesay are responsible for managing the assets held to back their liabilities under this policy.

10. Review of this Statement

The Trustee will review this Statement at least every three years and without delay following any material changes to any aspects of the investment policy detailed above. Any such review will again be based on written expert investment advice and will be in consultation with the Principal Employer.

11. Principal Employer

For the avoidance of doubt Napp Pharmaceutical Holdings Limited has been nominated by all Participating Employers under the Scheme to act as their representative for the purposes of Section 35 (3) of the Pensions Act 1995 (as amended by the Pensions Act 2004).

Agreed and adopted by the Trustee – June 2026