Moog Retirement Benefits Plan

Statement of Investment Principles

August 2024

Preface

Plan background

This Statement of Investment Principles (the ‘SIP’) details the principles governing investment decisions for the Moog Retirement Benefits Plan (the ‘Plan’).

The Plan operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries, and provides benefits calculated on a defined benefit (‘DB’) basis. The Plan is closed to new entrants and to future accrual.

In June 2024, the Trustees entered into a bulk annuity contract (the ‘buy-in policy’) with Just Group plc (the ‘buy-in policy provider’) that is expected to meet members’ benefits in full.

Regulatory requirements and considerations

Under the Pensions Act 1995 (the ‘Act’) and subsequent legislation, principally the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) (the ‘Investment Regulations’), the Trustees must secure that a written statement of the principles governing investment decisions is prepared and maintained for the Plan.

This SIP also reflects the requirements and recommendations within The Pensions Regulator's general code of practice, in respect of the DB assets and any additional voluntary contribution (‘AVC’) arrangements.The Trustees are responsible for all aspects of the operation of the Plan including this SIP.

In agreeing their investment strategy, the Trustees have had regard to:

- The requirements of the Act concerning suitability and diversification of investments and the Trustees will consider those requirements on any review of this SIP or any change in the investment policy.
- The requirement of the Investment Regulations: in particular that assets held to cover the Plan’s technical provisions must also be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Plan.

Responsibilities and appointments

Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Plan. The Trustees draw on the expertise of external persons and organisations including the investment consultant, investment manager and the Scheme Actuary. Full details are set out in this SIP.

Consultation

In accordance with the Act, the Trustees have obtained and considered written advice from Gallagher (Administration & Investment) Limited (the ‘investment consultant’) prior to the preparation (or revision) of this SIP and have consulted the Sponsoring Employer. However, it should be noted that neither the Trustees (nor any investment manager to whom they have delegated any discretion to make decisions about investments) shall require the consent of the Sponsoring Employer to exercise any investment power.

History and review

The Trustees will review this SIP at least every three years and without delay after each significant change in investment policy, taking note of any changes in the Plan’s liabilities. Once agreed, and after consultation with the Sponsoring Employer, a copy of this SIP will be given to the Scheme Actuary and will be made available to Plan members on request and published on a publicly website.

Previous versions of this SIP are dated:

SIP dated April 2023

SIP dated January 2022

SIP dated August 2020

SIP dated December 2019

SIP dated March 2018

SIP dated March 2016

Contents

Table of Contents

Statement of Investment Principles

Investment governance structure

All investment decisions are taken by the Trustee Board as a whole. The Trustees believe that collective responsibility is the appropriate structure, given the size of the board, except for specific projects when an investment sub-committee may be set up. The Trustees will undertake training where appropriate to ensure they have the necessary expertise to take the decisions required and to evaluate critically the advice received.

All investment decisions relating to the Plan are under the control of the Trustee Board without constraint by the Sponsoring Employer. The Trustees will consult with the Sponsoring Employer when changing this SIP.

All day-to-day investment decisions are delegated to a properly qualified and authorised investment manager of pension scheme portfolios and a buy-in policy provider. Insurance contracts have been exchanged with the investment manager and the buy-in policy provider and (where appropriate) are reviewed from time-to-time to ensure that the manner in which they make investments on behalf of the Trustee Board is suitable for the Plan, and appropriately diversified.

Investment strategy and objectives

The Plan's investment strategy has been agreed by the Trustees having taken advice from the investment consultant in relation to the suitability of investments and takes due account of the Plan's liability profile.

The Trustees' primary objectives are:

- To provide appropriate security for all beneficiaries.
- To ensure that sufficiently liquid assets are available to meet benefit payments as they fall due.
- To achieve an appropriate balance between risk and return with regards to the cost of the Plan and the security of the benefits.

The Trustees have translated their objectives into a suitable strategic asset allocation benchmark for the Plan, details of which are included in the appendices of this SIP.

In accordance with the Financial Services & Markets Act 2000, the Trustees are responsible for setting the general investment policy, but the responsibility for all day-to-day investment management decisions has been delegated to the investment manager and/or the buy-in policy provider authorised under the Act. Details are included in the appendices of this SIP.

The Trustees are responsible for reviewing both the Plan's asset allocation and investment strategy as part of each actuarial valuation in consultation with the Plan's investment consultant. The Trustees may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where necessary.

The Trustees consider the Plan's current strategic asset allocation to be consistent with the current financial position of the Plan.

The Trustees' policy in relation to the kinds of investments to be held
The Trustees have full regard to their investment powers as set out in rule 82 of the Trust Deed and Rules dated 30 April 2013.

The majority of the Plan's assets are held in the buy-in policy.

The Plan may also invest in quoted and unquoted securities of UK and overseas markets including:

- Equities.
- Fixed interest and index-linked bonds.
- Cash.
- Property.
- Private equity.
- Hedge funds.
- Insurance policies and pooled investment vehicles considered appropriate for tax-exempt registered occupational pension schemes.

The Trustees have considered the attributes of the various asset classes, namely:

- Security (or quality) of the investment.
- Yield (expected long-term return).
- Spread (or volatility) of returns.
- Term (or duration) of the investment.
- Hedging.
- Exchange rate risk.
- Marketability/liquidity (i.e. the tradability on regulated markets).
- Taxation.

The Trustees consider all the stated classes of investment to be suitable to the circumstances of the Plan. The Plan invests in pooled funds, other collective investment vehicles and cash. The Trustees have made the decision to invest the assets in pooled funds because:

- The Plan is not large enough to justify direct investment on a cost-effective basis.
- Pooled funds allow the Trustees to invest in a wider range of assets, which serves to reduce risk.
- Pooled funds provide a more liquid form of investment than certain types of direct investment.

The Trustees' policy in relation to the balance between different kinds of investments
The Trustee is comfortable with the majority of the Plan's assets being held in the buy-in policy. With regards to the residual assets, the appointed investment manager will hold a diversified mix of investments in line with the agreed benchmark and within its discretion to diverge from the benchmark(s). Within each major market each manager will maintain a diversified portfolio of securities. Full details are set out in Appendix 1 of this SIP.

The Trustees' policy in relation to the expected return on investments
The investment strategy is believed to be capable of meeting the Trustees' objectives.

The Trustees' policy in relation to the realisation of investments
The buy-in policy is an illiquid investment that will be held in perpetuity until the last payment is made or such time as it is converted to individual buy-out policies for insured members on buy-out.

The Plan's remaining investments are secure, of high-quality and of sufficient liquidity.

The Trustees' policy in relation to financially material considerations
The Trustees expect their investment manager and buy-in policy provider, where appropriate, to have taken account of financially material considerations, including environmental, social and governance ('ESG') factors as part of their investment analysis and decision-making process.

The Trustees will take into account the approach to financially material considerations in deciding whether to retain or appoint investment managers.

The Trustees' policy in relation to the extent to which non-financial matters are taken into account
The Trustees' objective is that the financial interests of the Plan members is ther first priority when choosing investments. The Trustees has decided not to take members' preferences into account when considering these objectives.

Risk capacity and risk appetite

The Trustees are satisfied that the investments selected are consistent with their investment objectives, particularly in relation to diversification, risk, expected return and liquidity.

The Trustees' policy in relation to risks
The Trustees consider the main risk to be that of the assets being insufficient to meet the Plan's liabilities as they fall due.

The Trustees also recognise other contributory risks, namely the risk:

- Associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors.
- Of the Plan having insufficient liquid assets to meet its immediate liabilities.
- Of the investment manager failing to achieve the required rate of return.
- Due to the lack of diversification of investments.

Although the buy-in policy removes many of the risks, the Trustees recognise some risks remain, namely the risk:

- Of the buy-in policy provider failing to provide the desired benefit payments.
- Of failure of the Plan's Sponsoring Employer to meet its obligations.

The Trustees manage and measure these risks on a regular basis via actuarial and investment reviews, and in the setting of investment objectives and strategy.

The Trustees undertake monitoring of the investment manager's performance against their targets and objectives on a regular basis.

Each fund in which the Trustees invest has a stated performance objective against which investment performance will be measured. These are shown in Appendix 1. Within each asset class, the investment manager is expected to maintain a portfolio of securities (or funds), which ensures that the risk being accepted in each market is broadly diversified.

Stewardship in relation to the Plan's assets

The Trustees have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment manager.

The Trustees have sought to appoint an manager that has strong stewardship policies and processes and are supportive of its investment manager being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

The Trustees' policy in relation to engagement and monitoring (including peer to peer engagement)
The Trustees' policy is to delegate responsibility for engaging and monitoring investee companies to the investment manager and expects the investment manager to use its discretion to maximise financial returns for members and others over the long term.

The Trustees recognise that the investment manager's ability to influence the companies in which it invests will depend on the nature of the investment.

The Trustees acknowledge that the concept of stewardship may be less applicable to some of its assets, particularly for short-term money market instruments and insurance policies.

The Trustees will review each investment manager prior to appointment and monitors them on an ongoing basis through the regular review of the investment manager's stewardship policies, its investment consultant's ESG rating, and a review of each manager's engagement behaviour.

The Trustees have not set out its own stewardship priorities but follow that of the investment manager.

The Trustees will engage with the investment manager should they consider that manager's stewardship policies to be inadequate or if the engagement undertaken is not aligned with the investment manager's own policies, or if the investment manager's policies diverge significantly from the views of the Trustees.

If the Trustees find the investment manager's policies or behaviour unacceptable, it may agree an alternative mandate with the manager or decide to review or replace the manager.

As all of the Plan's assets are held in either insurance contracts or in pooled vehicles, the Trustees do not envisage being directly involved with peer to peer engagement in investee companies.

The Trustees' policy in relation to voting rights
The Trustees do not hold shares in companies either directly or indirectly and is therefore not expected to exercise voting rights.

Where any rights do emerge, the Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment manager and to encourage the manager to exercise those rights. The investment manager is expected to provide regular reports for the Trustees detailing any voting activity.

Investment management monitoring

In addition to the stewardship activities described above, the Trustees will assess the performance, processes and cost effectiveness of the investment manager by means of regular, but not less than annual, reviews of the results and other information, in consultation with the investment consultant.

All investment decisions, and the overall performance of the investment manager, are monitored by the Trustees with the assistance of the investment consultant.

The investment manager will provide the Trustees with quarterly statements of the assets held along with a quarterly performance report. The investment manager will also report orally on request to the Trustees.

The investment manager will inform the Trustees of any changes in the internal performance objective and guidelines of any pooled funds used by the Plan as and when they occur.

The Trustees will assess the quality of the performance and processes of the investment manager by means of a review at least once every three years in consultation with the investment consultant.

Appropriate written advice will be taken from the investment consultant before the review, appointment or removal of the investment manager.

The Trustees' policy in relation to their investment manager
In detailing below the policies on the investment manager arrangements, the over-riding approach of the Trustees is to select an investment manager that meets the primary objectives of the Trustees. As part of the selection process and the ongoing review of the investment manager, the Trustees consider

how well the investment manager meets the Trustees' policies and provides value for money over a suitable timeframe.

- **How the arrangement incentivises the investment manager to align its investment strategy and decisions with the trustees' policies**

  The Trustees have delegated the day to day management of the Plan's assets to investment manager and the buy-in policy provider. The Plan's remaining assets are invested in pooled funds which have their own policies and objectives and charge a fee, agreed with the investment manager, for their services. Such fees incentivise the investment manager to adhere to their stated policies and objectives.

- **How the arrangement incentivises the investment manager to engage and take into account financial and non-financial matters over the medium to long-term**

  The Trustees, in conjunction with their investment consultant, appoints their investment manager and chooses the specific pooled fund(s) to use in order to meet specific Plan policies. They expect that their investment manager makes decisions based on assessments about the financial and non-financial performance of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Plan's performance) over an appropriate time horizon.

  The Trustees also expect their investment manager to take non-financial matters into account as long as the decision does not involve a risk of significant detriment to members' financial interests.

- **How the method (and time horizon) of the evaluation of the investment manager's performance and the remuneration for asset management services are in line with the trustees' investment policies**

  The Trustees expect their investment manager to invest the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. The Trustees review the investment manager periodically. These reviews incorporate benchmarking of performance and fees. Reviews of performance focus on longer-term performance (to the extent that is relevant), e.g. looking at five years of performance.

  If the Trustees determine that the investment manager is no longer managing the assets in line with the Trustees' policies, they will make their concerns known to the investment manager and may ultimately disinvest.

  The Trustees pay their investment manager a management fee which is a fixed percentage of assets under management.

  Prior to agreeing a fee structure, the Trustees, in conjunction with their investment consultant, consider the appropriateness of this structure, both in terms of the fee level compared to that of other similar products and in terms of the degree to which it will incentivise the investment manager.

- **How the trustees monitor portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover or turnover range**

  The Trustees receive quarterly reports from the investment manager which includes the dealing costs incurred by the investment manager.

  The Trustees expect turnover costs of the investment manager to be in line with their peers, taking into account the style adopted by the investment manager, the asset class invested in and prevailing market conditions.

  The Trustees do not explicitly monitor turnover, set target turnover or turnover ranges. The Trustees believe that the investment manager should follow their stated approach with a focus on risk and net return, rather than on turnover. In addition, the individual mandates are unique and bespoke in nature and there is the potential for markets to change significantly over a short period of time.

- **The duration of arrangements with the investment manager**

  The Trustees do not in general enter into fixed, long-term agreements with their investment managers and instead retain the ability to change investment manager should the performance and processes of the investment manager deviate from the Trustees' policies. However, the Trustees expect their manager appointments to have a relatively long duration, subject to the manager adhering to its stated policies, and the continued positive assessment of its ability to meet its performance objective.

Employer-related investments

The Trustees will not make direct investments in the Sponsoring Employer's own securities. The amount of the Sponsoring Employer's securities, owned by pooled investment vehicles invested in, are monitored. The Trustees have delegated the responsibility for the exercising of any voting rights attached to any Sponsoring Employer investment held to the investment manager.

Additional voluntary contributions (AVCs)

The Trustees have full discretion as to the appropriate investment vehicles made available to members of the Plan for their voluntary contributions. Only investment vehicles normally considered suitable for voluntary contributions will be considered by the Trustees, having taken appropriate written advice from their investment advisers.

The Plan has members that have AVC investments in with-profits arrangements with The Prudential Assurance Company Limited; however, no members are actively contributing to AVCs at present.

In selecting this range of funds offered the Trustees have taken advice from their professional advisers on:

- The risks faced by members in investing on a money purchase basis.
- The Trustees' responsibilities in the selection and monitoring of the investment options offered.
- The Trustees will continue to manage the AVC arrangements having taken professional advice on these matters.
- The Trustees will monitor the performance of AVC providers periodically.
- Members are directed to seek independent financial advice when considering their AVC arrangements.

Appointments and responsibilities

This section sets out the key appointments and responsibilities with respect to the investment aspects of the Plan.

A full list of the Plan's advisers is provided at the front of the Plan's Annual Report and Financial Statements. However, at the time of writing this SIP:

- The investment consultant is Gallagher (Administration & Investment) Limited.
- The investment manager is Legal & General Investment Management Limited ('LGIM').
- For pooled funds, custodial duties are undertaken by the relevant investment manager and, therefore, are not detailed in this SIP.
- The Scheme Actuary is Paul Moore of Gallagher.
- The buy-in policy provider is Just Group plc.

Trustees

The Trustees' primary responsibilities include:

- The preparation of this SIP, reviewing its contents and modifying it if deemed appropriate, in consultation with the Sponsoring Employer and the investment consultant, at least every three years. The SIP will also be reviewed following a significant change to investment strategy and/or the investment manager.
- Appointing investment consultants, insurance providers and investment manager(s) as necessary for the good stewardship of the Plan's assets.
- Reviewing the investment strategy as part of each triennial actuarial valuation, and/or asset liability modelling exercise, and/or significant changes to the Plan's liabilities, taking advice from the investment consultant.
- Reviewing the stewardship policies of the investment manager and undertaking the ongoing monitoring and engagement with their investment manager as appropriate.
- Assessing the processes and the performance of the investment manager by means of regular, but not less than annual, reviews of information obtained (including investment performance).
- Monitoring compliance of the investment arrangements with this SIP and with the relevant sections of the Act, the Investment Regulations and any regulatory guidance on a regular basis.
- Monitoring risk and the way in which the investment manager has cast any votes on behalf of the Trustees in respect of the Plan.

Investment consultant

The main responsibilities of the investment consultant include:

- Assisting the Trustees in the preparation and periodic review of this SIP in consultation with the Sponsoring Employer.
- Undertaking project work including the development and review of investment strategy, investment performance and manager structure as required by the Trustees.
- Advising the Trustees on the selection and review of the investment manager.
- Providing training or education on any investment related matter as and when the Trustees see fit.
- Monitoring and advising upon where cashflows should be invested or disinvested on a periodic basis.

Investment manager

The investment manager's main responsibilities include:

- Investing the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation.
- Ensuring that the investment of the assets within their portfolio is compliant with prevailing legislation.
- Providing the Trustees with quarterly reports and a review of the investment performance of their portfolio.
- Meetings with the Trustees as and when required.
- Informing the Trustees of any changes in the fee structure, internal performance objectives and guidelines of any pooled fund within their portfolio as and when they occur.
- Considering financially material risks affecting investments within their portfolio.
- Exercising voting rights on shareholdings within their portfolio in accordance with their general policy.

Buy-in policy provider

The main responsibilities of the buy-in policy provider include:

- To ensure that sufficiently liquid assets are available to meet benefit payments as they fall due.
- Updating Plan data and benefits as agreed with the Trustees under the terms of the policy.
- Providing monthly payments to the Trustees of specified benefits in respect of insured beneficiaries and dependants covered under the terms of the policy.

Scheme Actuary

The Scheme Actuary's main responsibilities in respect of investment policy include:

- Commenting on the suitability of the Plan's investment strategy given the financial characteristics of the Plan.
- Performing the triennial (or more frequently as required) actuarial valuation and advising on the Plan's funding level and therefore the appropriate level of contributions in order to aid the Trustees in balancing short-term and long-term investment objectives.

Compliance

The Plan's SIP is available to members on request and is published on a publicly available website.

A copy of the Plan's current SIP is also supplied to the Sponsoring Employer, LGIM, the Plan's auditors and the Scheme Actuary.

This SIP, taken as a whole with the Appendices, supersedes all others and was approved by the Trustees.

Full name	Alan Measures
Signature	
Position	Chair of Trustees
For and on behalf of	Moog Retirement Benefits Plan
Date	15 August 2024

Appendix 1 – Strategic benchmark and objectives

Plan's target asset allocation

The majority of the Plan's assets are held in a bulk annuity contract (the 'buy-in policy') with Just Group plc.

The remaining assets outside of the buy-in policy are invested in the LGIM Sterling Liquidity Fund or held as cash in the Trustees' bank account which will largely be used for the purpose of meeting Plan expenses and residual benefit outgo.

Benchmark and performance objectives

Benchmark indices and relative performance objectives for each of the funds in which the Plan's assets are invested are outlined below. All performance targets are gross of fees and relate to rolling three-year periods. All of the Plan's invested assets outside of the buy-in policy are managed by Legal & General Investment Management ('LGIM').

Daily Dealt Fund	Benchmark index	Objective Performance % p.a.	Allocation
Sterling Liquidity Fund	Sterling Overnight Index Average (SONIA)	The fund aims to offer access to liquidity whilst providing capital stability	100.0%

Appendix 2 – Fees

Investment manager fees

Daily Dealt Fund	Fees (% p.a.)
LGIM TA Sterling Liquidity Fund	0.125

As the Plan's total assets invested with LGIM are less than £10m, the Plan is subject to a additional flat charge of £1,500 p.a.

Investment consultancy fees

The investment consultant provides agreed services on a fixed fee basis, with additional projects provided on a time cost basis subject to agreement in advance.

The basis of remuneration is kept under review.