Statement of Investment Principles
Rockwell-Collins (UK) Limited Pension Scheme

January 2024

Introduction

1. The Rockwell-Collins (UK) Limited Pension Scheme (the 'Scheme') is a Registered Pension Scheme for the purposes of the Finance Act 2004. It is a defined benefit (DB) scheme, and also provides the facility for members to pay Additional Voluntary Contributions (AVCs).

2. This document is the Statement of Investment Principles ('SIP') made by the Trustees of the Scheme in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it).

3. Before finalising this SIP, the Trustees took written advice from the Scheme's Investment Consultant (WTW) and consulted Rockwell Collins (UK) Limited (the 'Employer'). The ultimate power and responsibility for deciding investment policy, however, lies solely with the Trustees.

4. The Trustees will review this SIP at least every three years and without delay after any significant change in investment policy.

Scheme objectives

5. For the DB section of the Scheme, the Trustees have considered (amongst other factors) the nature of the Scheme's liabilities and the Scheme's Statutory Funding Objective (SFO) when deciding on its investment strategy.

   The Trustees' primary investment objective for the DB section is to limit the risk of the assets not being sufficient to meet the liabilities. It aims to do this by ensuring adequate asset growth, noting that this will be made up of both investment returns and future contributions.

6. For the AVC section, the investment risk is borne by the member. The Trustees' primary investment objective for these sections is therefore to provide a range of investment options, which broadly satisfy the risk profiles of all members.

7. The Trustees consider that the investment strategies shown on the following pages will ensure:

   - There is a reasonable expectation of meeting its investment objectives, and;
   - The assets are appropriately diversified

Investment strategy – DB section

8. The Trustees hold the asset strategy shown in the table below for the DB section, following advice from WTW. The Diversified Fund and the allocation to LDI leverage and unleveraged pooled funds aremanaged by Legal & General Investment Management Limited, the Alternative Credit Fund is managed by Towers Watson Investment Management Ireland Limited and the Generations Fund is managed by the Partners Group (UK) Limited.

Fund	Central Allocation %	Control Ranges % -	Control Ranges % +
Diversified Fund	17.5	5.0	5.0
Generations Fund	17.5	7.5	7.5
Alternative Credit Fund	20.0	8.0	8.0
LDI leverage and unleveraged pooled funds	45.0	10.0	10.0
Total	**100.0**		

9. The Scheme will also hold assets in cash and other money market instruments from time to time as may be deemed appropriate. The Trustees' policy is that there will be sufficient investments in liquid or readily realisable assets to meet cashflow requirements in foreseeable circumstances, so that the realisation of assets will not disrupt the Scheme's overall investments, where possible. The Trustees, together with the Scheme's administrators, will hold sufficient cash to meet benefit and other payment obligations. To avoid the disinvestment of assets, the Trustees may choose to use dividend payments from the Scheme's assets to meet benefit payments as they fall due.

10. The expected return of an investment will be monitored regularly and will be directly related to the Scheme's investment objective.

Investment managers

11. In accordance with the Financial Services and Markets Act 2000, the Trustees will set general investment policy, but will delegate the responsibility for selection of specific investments to an appointed investment manager or managers. The investment managers shall provide the skill and expertise necessary to manage the investments of the Scheme competently.

12. The Trustees are not involved in the investment managers' day-to-day method of operation and do not directly seek to influence attainment of their performance targets. The Trustees will, however, monitor the performance of each manager relative to its benchmark (or other appropriate comparator).

13. The Trustees recognise that a company's long-term financial success is influenced by a range of factors including appropriate management of environmental, social, ethical and corporate governance (ESG) issues. Consequently, the Trustees seek to be an engaged long-term shareholder and via its selection and oversight of its investment managers, seek to encourage the companies in which the Plan invests to adopt sustainable business practices and high standards of corporate governance with the aim of protecting and enhancing long-term shareholder value. Whilst it is the Trustees' preference that all companies should be run in a socially responsible way, it takes the view that its primary responsibility is to act in the best financial interest of the members of the Plan. Therefore, the Trustees' policy is that the extent to which environmental, social and corporate governance considerations may have a financial impact on the portfolio will be taken into account by their investment managers in the exercise of their delegated duties.

14. The Trustees expect their managers to sign up to their local stewardship code with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings, in keeping with good practice. The Trustees will monitor the activities of all of their managers on a regular basis but appreciate that the code's applicability may be limited for certain asset classes. These matters are kept under review by the Trustees, in consultation with their investment consultant and investment managers.

15. The Scheme uses different managers and mandates to implement its investment policies. The Trustees ensure that, in aggregate, the Scheme's portfolio is consistent with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustees will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with its policies, where relevant to the mandate in question.

16. To maintain alignment, managers are provided with the most recent version of the Scheme's Statement of Investment Principles on an annual basis and are required to confirm that the management of the assets is consistent with those policies relevant to the mandate in question.

17. Should the Trustees' monitoring process reveal that a manager's portfolio is not aligned with the Trustees' policies, the Trustees will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment and ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustees that the degree of alignment remains unsatisfactory, the manager may be terminated and replaced.

18. For most of the Scheme's investments, the Trustees expect the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods.

19. The Trustees appoint their investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustees would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

20. Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.

21. The Trustees review the costs incurred in managing the Scheme's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustees will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

Managing risk

22. The Trustees recognise a number of risks involved in the investment of the Scheme's assets:

Risk	How is it monitored?	How is it mitigated?
Deficit	• By assessing the progress of the actual growth of the liabilities relative to the selected investment policy	• By setting an investment policy with appropriate regard to the expected risk and return relative to the expected growth of liabilities
Manager	• Via the deviation of the return relative to the benchmark	• Investing across three different managers • Investing in passively managed funds for LDI • The Alternative Credit Fund manager mitigates the risk through diversification by investing the fund in various sub-funds across a number of managers • The Diversified Fund manager invests primarily in passively managed funds, only using active management for some asset classes where they believe there is an advantage in doing so • The Generations Fund manager invests typical in privately held assets diversifying across a range of investments
Liquidity	• By the level of cashflow required by the Scheme over a specified period	• The Scheme's administrators assess the level of cash required to limit the impact of the cash flow requirements on the investment policy and through holding assets of appropriate liquidity
Currency	• Through the level of exposure to non-Sterling denominated assets	• Investing in only Sterling denominated assets for LDI • The Alternative Credit Fund, Generations Fund and the Diversified Fund are partly invested in Sterling denominated assets

Risk	How is it monitored?	How is it mitigated?
Interest rate and inflation	• By comparing the likely movement in the Scheme's liabilities and assets due to movements in inflation and interest rates	• Holding assets that respond in a similar way to the liabilities to changes in inflation and interest rates
Sponsor	• By receiving regular financial updates from the Employer and periodic independent covenant assessments	• Through an agreed contribution and funding schedule

Authorised for and on behalf of the Trustees of the Scheme

Signed:

Name: ....

Date: ....