SPIRIT AEROSYSTEMS
BELFAST EXECUTIVE
BENEFITS SCHEME

STATEMENT OF INVESTMENT PRINCIPLES

REVISED 27 March 2024

CONTENTS

1. OVERVIEW

1.1 Short Brothers PLC (the "Company") has appointed a board of trustees (the "Trustees") to administer the Spirit AeroSystems Belfast Executive Benefits Scheme (the "Scheme").

Effective 9 June 2014, the individual Trustees of the Scheme were replaced by a corporate trustee, the Spirit AeroSystems Belfast Executive Benefits Trustee Limited (the "Trustee"). The individual trustees have been appointed as members of the board of the Trustee.

1.2 This statement of investment principles (the "Statement") sets out the principles determined by the Trustee in managing the Scheme's assets (the "Fund").

1.3 The Statement takes into account the requirements of the Pensions (Northern Ireland) Orders 1995 and 2005 and the Occupational Pension Schemes (Investment) Regulations (Northern Ireland) 2005.

1.4 Before approving the Statement, the Trustee received and considered the written advice of its appointed investment consultant, Mercer Limited ("Mercer"). They have the knowledge and experience required under the Pensions (Northern Ireland) Order 1995. The Trustee also consulted the Company, as required by Law.

1.5 All persons involved in the management of the Fund, including agents and advisers, shall adhere to the provisions of the Statement and comply with applicable legislation restricting employer related investments.

1.6 The Fund shall be managed in accordance with all legal requirements applicable irrespective of any indication to the contrary that may be construed from the Statement.

1.7 Effective 1 March 2020, in preparation for the sale of the Short Brothers PLC by Bombardier to Spirit AeroSystems Global Holdings Limited, the Scheme's assets were transferred from the Bombardier Trust (U.K.) Common Investment Fund to the Short Brothers Common Investment Fund (the "CIF").

Except for the cash held in the Trustee's bank account, the Fund is invested in various sub-funds of the CIF. The sub-funds available within the CIF are liquid growth, illiquid growth, SBPS LDI and SB Exec LDI.

The Short Brothers CIF Trustee Limited (the "CIF Trustee") (which acts as Trustee of the CIF) is responsible for managing the CIF assets.

1.8 The Trustee's investment responsibilities are governed by the Scheme's Trust Deed.

1.9 The Trustee's policy on funding the Scheme is set out in a separate document, the Statement of Funding Principles.

2. THE SCHEME

2.1 The Scheme is governed by its Trust Deed and Rules which set out all of the benefits in detail.

2.2 The Scheme is opened to executives as determined by the Company. It is non-contributory and it provides benefits on retirement related to final salary.

2.3 The value of the Scheme's liabilities – its obligation to pay pensions and other benefits – is sensitive to various factors; including:

i) the effect of salary escalation on future pensions for members who have not yet retired; and

i) the effect of price inflation on a portion of the pensions currently being paid.

3. FINANCIAL OBJECTIVES AND RISK

3.1 The Trustee's objective is to maximize long-term investment returns:

i) while seeking to accumulate and maintain assets of equal or greater value than the value of the Scheme's technical provisions as measured by the actuary from time to time;

ii) while seeking to achieve the objective that sufficient assets are available to pay members benefits as and when they fall due; and

iii) without generating rates of contributions that are unduly volatile for the Scheme.

3.2 The Trustee regards risk as the likelihood that the objectives set out above are not achieved and has taken several measures to manage this risk. The Trustee recognises that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustee has identified a number of risks which have the potential to cause deterioration in the Scheme's funding level and therefore contribute to funding risk. These are as follows:

i) the risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustee and its advisers considered this mismatching risk when setting the investment strategy;

ii) the risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities ("cash flow risk"). The Trustee and its advisers will manage the Scheme's cash flows taking into account the timing of future payments in order to minimize the probability that this occurs. In respect of liability hedging arrangements cash flow risk is managed within the LDI Sub-Funds by limiting leverage and maintaining sufficient additional liquidity to meet collateral calls under a range of scenarios;

iii) the failure by the fund managers to achieve the rate of investment return assumed by the Trustee ("manager risk"). This risk is considered by the Trustee and its advisers when they review the progress of the CIF units;

iv) the failure to spread investment risk ("risk of lack of diversification"). The Trustee and its advisers considered this risk when setting the Scheme's investment strategy. Each CIF sub-fund holds a suitably diversified portfolio of assets;

v) the possibility of failure of the Scheme's sponsoring employer ("covenant risk"). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the Company as to the suitability of the proposed strategy;

vi) the risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimize such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received;

vii) the risk of failure of a financial institution used as a counterparty to the transactions in the SB Exec LDI Sub-Fund ("counterparty risk"). This risk is reduced by limiting the transaction amount with one counterparty, selecting highly rated financial institutions, and by the frequent re-couponing of the transactions (mark-to-market) or exchange of payments between the Scheme and the counterparties; and

viii) the risk that climate change may impact the value of investments, due to its effect on natural and human systems, across geographical regions ("climate change risk"). However, due to the inherent uncertainty, the Trustees have not made explicit allowance for it when determining the investment strategy.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modeled explicitly during the course of such reviews.

Having set an investment objective which relates directly to the Scheme's liabilities and implemented it using a range of fund managers using units in the CIF, the Trustee's policy is to monitor, where possible, these risks periodically. The Trustee receives quarterly reports showing:

i) performance versus the Scheme investment objective;

ii) performance of CIF units versus their respective targets; and

iii) any significant issues with the fund managers of the CIF that may impact their ability to meet the performance targets set by the CIF Trustee.

4. ALLOCATION OF RESPONSIBILITIES

4.1 The Trustee has delegated to the CIF Trustee the responsibility for the investment of the Fund's assets invested in the CIF but has the responsibility to prepare and review the Statement and to determine the Scheme's strategic asset allocation (the "Strategic Asset Allocation") set out in Section 5.

4.2 The rules of the CIF (the "CIF Rules") specify the investment powers and responsibilities delegated by the Trustee to the CIF Trustee.

4.3 The CIF is unitized into sub-funds to allow the CIF Trustee to invest the Fund's assets invested in the CIF in accordance with the Strategic Asset Allocation.

4.4 The CIF Trustee is responsible for the allocation of the Fund invested in the CIF sub-funds, for the management structure of each of the sub-funds, for the appointment and termination of investment managers, for the monitoring of investment results of the sub-funds and for overseeing the custodial arrangements. A copy of this Statement, and any amendment thereto, is provided to the CIF Trustee.

4.5 The CIF Trustee will inform the Trustee immediately after it becomes aware that a person involved in the management of the CIF has breached the provisions of this Statement.

4.6 The CIF Trustee has documented in a separate statement of investment principles and objectives (the "CIF SIP") the principles and objectives by which the CIF Trustee manages the CIF. A copy of the CIF SIP, and any amendment thereto, is provided to the Trustee.

4.7 The Trustee believes that good stewardship and environmental, social and governance ("ESG") issues may have a material impact on investment returns. It also recognises that long term sustainability issues, particularly, but not limited to, climate change, presents risks and opportunities that increasingly may require explicit consideration.

4.8 The Trustee has delegated to the CIF Trustee the responsibility to adopt explicit social, environmental and ethical policies if the CIF Trustee sees fit, provided that it does not compromise the primary obligation to the beneficiaries in securing the financial objectives with an acceptable degree of risk.

4.9 The Trustee has given the CIF Trustee full discretion in exercising voting rights and stewardship obligations attached to the investments, including engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest and risks, in accordance with their own corporate governance policies and current best practice. The CIF Trustee may delegate the rights and stewardship obligations to investment managers, provided they are exercised in the best financial interests of the Scheme beneficiaries.

4.10 Although the Trustee does not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) when determining the investment strategy or the CIF-controlled manager structure, the Trustee will review this position periodically.

4.11 Effective March 31, 2022, the CIF Trustee has hired Goldman Sachs Asset Management International ("GSAM") as the fiduciary manager of the CIF's sub-funds (the "Fiduciary Manager").

4.12 The Trustee must establish and maintain oversight of the climate related risks and opportunities which are relevant to the Scheme. Responsibility for the oversight of climate related risks and opportunities which are relevant to the scheme is ultimately held by the Trustee. The Trustee has delegated to the CIF Trustee the responsibility for ongoing monitoring of these risks and opportunities who in term rely on input and advice from the Fiduciary Manager.

5. STRATEGIC ASSET ALLOCATION

5.1 The Trustee regards the choice of the Strategic Asset Allocation as a decision which has great influence on success in meeting its financial objectives.

5.2 The Trustee has decided on the current Strategic Asset Allocation taking in consideration:

i) the results of an asset/liability study conducted by the Company in 2017 as at 31 December 2016;

ii) advice from Mercer

iii) the objectives set out in paragraph 3.1;

iv) the risks described in paragraph 3.2; and

v) the demographic profile of the membership in the Scheme as at 31 December 2016.

5.3 The Scheme's current target asset allocation is as follows:

ASSET CLASS (CIF SUB-FUNDS)	WEIGHTS (% OF MARKET VALUE)		
	MINIMUM	TARGET	MAXIMUM
Liquid Growth	45.5%	50.5%	55.5%
Illiquid Growth	0%	0%	0%
SBPS LDI	0%	0%	0%
SB Exec LDI	44.5%	49.5%	54.5%

5.4 The Scheme's asset mix at any given times depends on several factors and will generally differ from the target strategy. There may also be circumstances, e.g. when markets move sharply, when the minima and maxima set out in 5.3 are temporarily breached in one or more asset classes. In such cases, measures will be taken by the CIF Trustee and/or GSAM to rebalance the assets within the ranges determined by the Trustee as soon as practicable. The Trustee may instruct the CIF Trustee at any time to redeem any units in any sub-funds in accordance with the rules of the CIF, although redemption may not be possible without considerable delay in the case of alternative investments and illiquid investments.

5.5 The investment in the SB Exec LDI Sub-Fund is designated as capital to hedge a proportion of the liability interest rate and inflation exposures. Currently the target hedge ratio is 80% of liabilities measured on a low risk "self-sufficiency" basis but is expected to increase over time as the funding position improves. In a decreasing bond yields environment, the market value of the investments in the SB Exec LDI Sub-Fund will increase. This will help the Scheme cope with the increase in the actuarial liabilities caused by lower bond yields. On the other hand, when bond yields increase, the reduction of the market value of the investments will be compensated by the reduction in value of the actuarial liabilities caused by higher bond yields. The Trustee will decide from time to time how much of the assets to hedge and the criteria for implementation.

6. TRUSTEE'S POLICIES WITH ASSET MANAGERS

6.1 The CIF Trustees, taking into account the views so the Scheme Trustees, determine the return and risk objectives of the CIF Funds. The assets of the CIF will be managed in the best interest of members and beneficiaries of the Scheme in a manner calculated to optimize the security, quality, liquidity and profitability of the portfolio consistent with the Trustee's overall investment strategy as outlined in section 5.

6.2 To evaluate performance, the Trustee receives investment performance reports produced by GSAM and by Mercer on a quarterly basis, which presents performance information and commentary in respect of the CIF sub-funds in which the Trustee is invested. Such reports have information covering fund performance for the previous three months, one-year and three year periods. The Trustee reviews the absolute performance and relative performance against a portfolio's and underlying investment manager's benchmark (over the relevant time period). The Trustee's focus is on the medium to long-term financial and non-financial performance of the CIF sub-funds.

6.3 The CIF Trustee does not make investment decisions based on their assessment about the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying third party asset managers appointed by the CIF Trustee to manage assets within the CIF sub-funds. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term. The Trustee is, however, able to consider the CIF Trustee's assessment of how each underlying third party asset manager embeds ESG into their investment process and how the manager's responsible investment philosophy aligns with the Trustee's own responsible investment policy. This includes the asset managers' policies on voting and engagement.

6.4 Section 4 provides further details of the steps taken, and information available, to review the decisions made by managers, including voting history and the engagement activities of managers to identify decisions that appear out of line with the CIF's investment objectives or the objectives/policies of the Scheme.

6.5 The asset managers in each of the CIF sub-funds are incentivised as they will be aware that their continued appointment by the CIF Trustee will be based on their success in meeting the CIF Trustee's expectations. If the CIF Trustee is dissatisfied then it will, where appropriate, seek to replace the manager.

6.6 The Trustee is a long-term investor and is not looking to change its investment arrangements on an unduly frequent basis. However, the Trustee, with assistance from the CIF Trustees, keeps those arrangements under review using, among other things, the reporting described above.

6.7 The Trustee monitors, and evaluates, the fees it pays for asset management services on an ongoing basis taking into account the progress made in achieving its investment strategy objectives as outlined in section 5. The underlying third party Investment Managers of the CIF sub-funds charge fees based on a percentage of the value of the assets under management. In some instances, some of the underlying managers may also be entitled to charge fees based on their performance.

6.8 The CIF Trustee reviews the fees payable to third party Investment Managers managing assets invested in the CIF sub-funds on a regular basis with any negotiated fee savings passed directly to the Scheme. The CIF Trustee reports annually to the Trustee on the level of the investment management fees of the CIF sub-funds. Details of investment management fees are included in the investment management agreements and details of all costs and expenses are included in the Report & Accounts.

6.9 The Trustee does not have an explicit targeted portfolio turnover range, but rebalancing ranges have been designed to avoid unnecessary transaction costs being incurred by unduly frequent rebalancing. Performance is reviewed net of portfolio turnover costs.

7. REVIEW AND CONTROL

7.1 The Statement will be reviewed at least every three years by the Trustee and without delay after any significant change in investment policy.

7.2 The Strategic Asset Allocation set out in section 5 will normally be reviewed after each triennial valuation. In addition, if there is a significant change in the capital markets, the circumstances of the Scheme or of the Company, or the governing legislation between valuations, then an earlier review will be conducted.

7.3 The Trustee will review the continuing appropriateness of its investment in the CIF annually. When deciding whether or not to make any new CIF investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to a fund manager.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations (Northern Ireland) 2005 and the principles contained in this Statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

i) the best interests of the members and beneficiaries;

ii) security;

iii) quality;

iv) liquidity;

v) profitability;

vi) nature and duration of liabilities;

vii) tradability on regulated markets;

viii) diversification; and

ix) use of derivatives.

7.4 The CIF Trustee will report on their activities to the Trustee on a quarterly basis.

7.5 The investment performance of the Scheme investments in the CIF and of the investment managers will be provided to the Trustee on a quarterly basis. The investment performance of additional voluntary contribution contracts will be reviewed on an annual basis.

7.6 The Trustees monitor how ESG, climate change and stewardship is integrated within investment processes. Monitoring is undertaken on a regular basis and documented at least annually to assess the effectiveness of the CIF Trustees applied approaches.

7.7 The custodian appointed jointly by the CIF Trustee and the participating schemes is RBC Investor Services Trust (UK Branch).