The Hackwood Final Salary Pension Plan ("the Plan")
Statement of Investment Principles (the "Statement")

1. Scope of Statement

This Statement has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and the Occupational Pension Plans (Investment) Regulations 2005).

The effective date of this Statement is Nov, 6, 2024. The Trustees will review this Statement and the Plan's investment strategy no later than three years after the effective date of this Statement and without delay after any significant change in investment policy.

2. Consultations Made

As required by the Act, the Trustees have consulted with the Employer, Linklaters Business Services, prior to writing this Statement and have considered their recommendations, and will take the employer's comments into account when they believe it is appropriate to do so.

The Trustees are responsible for the investment strategy of the Plan. They have obtained written advice on the investment strategy appropriate for the Plan and on the preparation of this Statement. This advice was provided by Aon Investments Limited who is authorised and regulated by the Financial Conduct Authority.

The day-to-day management of the Plan's assets has been delegated to the investment manager who is appropriately authorised and regulated as required under the Financial Services and Markets Act 2000 (amended by the Financial Services Act 2012). Their regulatory status can be verified on the Financial Services Register at www.fca.org.uk/register/. A copy of this Statement is available to the appointed investment manager and to the members of the Plan.

3. Plan Objectives

The Trustees' aim to invest the assets of the Plan prudently to ensure that the benefits promised to members are provided.

4. Choosing Investments

The assets of the Plan are invested in the best interests of the members and beneficiaries.

The Trustees have secured an Annuity Policy with Pension Insurance Corporation Plc ("PIC") which was implemented on 14 June 2024. The residual assets are currently invested with the investment manager, LGIM, in the Sterling Liquidity Fund.

This insurance contract ("buy-in") is an agreement for PIC to cover all the Plan liabilities as they fall due. The buy-in protects the Plan from the interest rate, inflation and longevity risk associated with the benefits covered by the policy.

The Trustees retain responsibility for the investment of the Plan's residual assets, and take expert advice as required from their professional advisers and in doing so, addressed the following:

- The need to consider a full range of asset classes.
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.

The Trustees exercise their powers of investment in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole.

The Trustees review their investment strategy following each formal actuarial valuation of the Plan (or more frequently should the circumstances of the Plan change in a material way). The Trustees take written advice from their professional advisers regarding an appropriate investment strategy for the Plan.

The asset allocation is set out in the Appendix. It was reviewed following the Trustees' purchase of an Annuity Policy with PIC.

5. Risk

The Annuity Policy removes most of the investment risks to which the Plan may otherwise be exposed.

The main residual risks are:

- The risk that PIC fail to make the pension payments covered by the Annuity Policy as they fall due ('Annuity Policy default risk'). This risk is mitigated by protections offered due to PIC being regulated by the Financial Conduct Authority and The Prudential Regulation Authority.
- The risk of a shortfall of liquid assets relative to the Plan's immediate liabilities and expenses ("cash flow risk"). The Trustees and its advisers will manage the Plan's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs. PIC is responsible for providing the cash for benefit payments covered by the Annuity Policy.
- The failure by the asset managers to achieve the rate of investment return assumed by the Trustees ("manager risk"). This risk is considered by the Trustees and its advisers both upon the initial appointment of the asset managers and on an ongoing basis thereafter.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustees have sought to minimise 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.

Due to the complex and interrelated nature of these risks, the Trustees consider the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review.

The Trustees' policy is to monitor these risks on a regular basis.

6. Arrangements with the Investment Manager

The vast majority of the Plan's assets are invested with PIC in the form of an Annuity Policy. The remaining holdings are invested in money market instruments. The Annuity Policy is intended to cover all the member liabilities of the Plan.

Following the purchase of the Annuity Policy, and with the exception of the residual investments, the responsibility for managing arrangements with the asset managers lies with PIC. This responsibility may include ensuring that arrangements with appointed asset managers are aligned to achieving the long-term objectives of PIC and, as established within the contractual terms of the Annuity Policy, of the Plan. When selecting an insurer to provide a bulk annuity the Trustees considered ESG as one of the factors in their decision and undertook due diligence.

The Trustees regularly monitor the Plan's investments to consider the extent to which the investment strategy and decisions of the investment manager are aligned with the Trustees' policies, including those on non-financial matters. In respect of the residual assets, this includes monitoring the extent to which the investment manager:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and

- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustees are supported in this monitoring activity by their investment consultant.

Before appointment of a new investment manager, the Trustees review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustees' policies.

The Trustees believe that having appropriate governing documentation, setting clear expectations to the investment manager by other means (where necessary), and regular monitoring of investment manager's performance and investment strategy, is in most cases sufficient to incentivise the investment manager to make decisions that align with the Trustees' policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where the investment manager is considered to make decisions that are not in line with the Trustees' policies, expectations, or the other considerations set out above, the Trustees will typically first engage with the investment manager but could ultimately replace the investment manager where this is deemed necessary.

There is typically no set duration for arrangements with the investment manager, although the continued appointment for the investment manager will be reviewed periodically, and at least every three years.

7. Custody

The majority of the assets are invested in the annuity policy underwritten by PIC. For the remainder of the assets, these are currently invested in the LGIM Sterling Liquidity Fund with Citibank, N.A (London branch) as the custodian. The manager is responsible for the appointment and monitoring of the custodian of the fund's assets.

The custodians are independent of the Employer.

8. Returns on Assets

Over the long-term the Trustees' expectation is for the annuity contract from PIC to pay the Plan an amount equivalent to the liabilities for the pensioners as they fall due.

Returns achieved by the remaining investment manager, LGIM, is assessed against performance benchmarks set by the Trustees. These performance benchmarks are outlined in the Appendix.

9. Realisation of Investments/Liquidity

PIC is responsible for providing the cash for benefit payment covered by the annuity policy.

As part of their delegated responsibilities, the Trustees expect the Plan's asset managers to take into account the retention and realisation of investments. The residual assets held by LGIM are realisable at short notice (either through the sale of direct holdings of stocks, bonds etc. or the sale of units in pooled funds).

10. Environmental, Social and Governance Considerations

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to purchase the annuities and recognise that they cannot therefore directly influence the ESG

integration nor stewardship policies and practices of PIC. The Trustees are satisfied that PIC's ESG policy reflects the key principles of socially responsible investment.

As part of their delegated responsibilities, the Trustees expect the Plan's remaining investment manager to take into account corporate governance, social, and environmental considerations (including long-term risks posed by sustainability concerns including climate change risks) in the selection, retention and realisation of investments. Any decision should not be based solely on personal ethical or moral judgments of these issues but should consider the sustainability of business models that are influenced by them.

The Trustees are taking the following steps to monitor and assess ESG related risks and opportunities:

- As part of ongoing monitoring of the Plan's investment manager, the Trustees will use ESG ratings information provided by Aon, where relevant and available, to monitor the level of the Plan's investment manager's integration of ESG on a regular basis.
- The Trustees will request the Plan's investment manager to provide their Responsible Investment policy and details of how they integrate ESG into their investment decision making process on a regular basis. Should the Plan look to appoint a new manager, the Trustees will request this information as part of the selection process. All responses will be reviewed and monitored with input from their investment consultant.

Stewardship – Voting and Engagement

The Trustees recognise the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Trustees recognise that ultimately this protects the financial interests of the Plan and its beneficiaries. Regarding the annuity policy and the collateral held in relation to them, the responsibility for voting and engagement is with PIC for these assets.

The Trustees expect the Plan's investment manager to use their influence as major institutional investors to carry out the Trustees' rights and duties as a shareholder including voting, along with – where relevant and appropriate – engaging with underlying investee companies to promote good corporate governance, accountability, and positive change.

The Trustees review the stewardship activities of their investment manager on an annual basis and whenever the need arises, covering both engagement and voting actions. Where the Trustees, Investment Consultant or other stakeholder identifies significant concerns relating to performance, strategy, risks, social and environmental impact, corporate governance, the capital structure or management of actual or potential conflicts of interest, of an investment manager or other stakeholder; they will consider the methods by which they would monitor and engage with relevant persons about relevant matters.

The Trustees acknowledges the limited materiality of stewardship for the residual assets that remain invested with LGIM.

Members' Views and Non-Financial Factors

In setting and implementing the Plan's investment strategy the Trustees do not explicitly consider the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

11. Costs and Performance

The Trustees paid a premium to PIC when the annuity policy was initiated, and as a result there are no ongoing fees in respect of the policy (where the majority of the Plan's assets are held).

The Trustees are aware of the importance of monitoring their investment manager's total costs and the impact these costs can have on the overall value of the Plan's assets. The Trustees recognise that in addition to annual management charges, there are a number of other costs incurred by the Plan's investment manager that can increase the overall cost incurred by their investments.

Evaluation of the Investment Manager Performance and Remuneration

The Trustees evaluate the performance of their investment manager relative to their respective objectives on a regular basis via their investment monitoring reports and updates from the investment manager. The Trustees also review the remuneration of the Plan's investment manager regularly to ensure that these costs are reasonable in the context of the kind and balance of investments held.

Portfolio Turnover Costs

The Trustees are aware of the portfolio turnover costs, defined as the expected frequency with which each underlying investment manager's fund holdings change over a year. The Plan's investment consultant monitors this on behalf of the Trustees as part of the manager monitoring they provide to the Trustees and flags to the Trustees where there are concerns.

The Trustees accept that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics, manager's style and historic trends. Where the Trustees' monitoring identifies a lack of consistency the mandate will be reviewed.

The Trustees are supported in their cost transparency monitoring activity by their investment consultant.

12. Effective Decision Making

The Trustees recognise that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that where they take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take.

When deciding which decisions to take themselves and which to delegate, the Trustees have taken into account whether they have the appropriate training and expert advice in order to make an informed decision. The Trustees have established the following decision making structure:

Trustees

- Set structures and processes for carrying out their role.
- Select and monitor planned asset allocation strategy.
- Make ongoing decisions relevant to the operational principles of the Plan's investment strategy.
- Monitor Investment Adviser and the investment manager.
- Select and monitor direct investments (see below).

Investment Adviser

- Advise on all aspects of the investment of the Plan's assets, including implementation.
- Regularly monitor the Plan's asset allocation and funding level as part of the de-risking strategy.
- Advise on this Statement.
- Provide required training.

Investment Manager

- Operate within the terms of their written contracts and give regard to this Statement.
- Select individual investments with regard to their suitability and diversification.
- Advise the Trustees on the suitability of the indices in the benchmark.

13. Additional Voluntary Contributions ("AVCs") Arrangements

Some members have previously obtained further benefits by paying AVCs to the Plan. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions. Details of AVC providers and fund options are included in Appendix I to this Statement. No new monies are invested.

14. Timing of Periodic Review

The Trustees will monitor compliance with the Statement annually.

The Trustees will review this Statement and the Plan's investment strategy no less frequently than every three years and additionally whenever they believe there to be a significant change in the Plan's circumstances.

The Hackwood Final Salary Pension Plan ("the Plan")
Appendix I to Statement of Investment Principles

This Appendix sets out the Trustees' current investment strategy, and is supplementary to the Trustees' Statement of Investment Principles (the "attached Statement").

The Trustees' investment strategy has been established in order to maximise the likelihood of achieving the primary objectives set out in the attached Statement. The asset allocation details are laid out below.

1. Asset Allocation Strategy

The Trustees have secured an Annuity Policy with Pension Insurance Corporation Plc ("PIC") which was implemented on 14 June 2024. This insurance contract ("buy-in") is an agreement for PIC to cover all the Plan liabilities as they fall due. The buy-in protects the Fund from the interest rate, inflation and longevity risk associated with the benefits covered by the policy.

The Trustees have agreed there is no specific target allocation for the residual assets, but it has agreed to hold the residual assets in a low-risk cash fund.

The residual assets consist primarily of a cash allocation through an investment in the LGIM Sterling Liquidity Fund.

2. Investment Management Arrangements

2.1. Cash

Manager	Fund	Weight (%)	Benchmark	Performance Target (Gross of Fees % p.a.)
LGIM	Sterling Liquidity Fund	100%	SONIA	To outperform the benchmark.

3. Fee Structure for Advisers and Managers

3.1. Advisers

The Trustees' Investment Adviser are paid for advice based on the time spent by the adviser. For significant areas of advice (e.g. one off special jobs, or large jobs) the Trustees will endeavour to agree a project budget.

These arrangements recognise the bespoke nature of the advice given and that no investment decisions have been delegated to the advisers.

3.2. Investment Manager

The investment manager is remunerated as a set percentage of the assets under management. This is in keeping with market practices.

Summary of Investment Management Fee Arrangements

Investment manager	Fund	Fee Scale	Performance Fee
LGIM	Sterling Liquidity Fund	0.125% p.a. of the first £5 million, 0.100% p.a. of the next £5 million, 0.075% p.a. of the next £20 million; 0.050% p.a. thereafter.	None

4. Additional Voluntary Contributions

AVCs are held with Aviva which holds investments with the following funds:

- Aviva Baillie Gifford Managed Fund
- Aviva BlackRock Aquila Over 15 Year Gilt Index Fund
- Aviva Cash Fund