

The Hall & Woodhouse Limited and Subsidiary Companies Retirement Benefits Plan (the "Plan ")

Statement of Investment Principles – October 2025

1. Introduction

The Trustees of the Hall & Woodhouse Limited and Subsidiary Companies Retirement Benefits Plan (the "Plan") have drawn up this Statement of Investment Principles (the "Statement") to comply with the requirements of the Pensions Act 1995 (the "Act") and associated legislation including the Occupational Pension Schemes (Investment) Regulations 2005 (as amended).

The Statement is intended to affirm the investment principles that govern decisions about the Plan's investments. The Trustees' investment responsibilities are governed by the Plan's Trust Deed and Rules, of which this Statement takes full regard.

In preparing this Statement, the Trustees have consulted a suitably qualified person by obtaining written advice from Mercer Limited ("Mercer"). In addition, consultation has been undertaken with Hall & Woodhouse Limited (the "Employer") to ascertain whether there are any material issues of which the Trustees should be aware in agreeing the Plan's investment arrangements and, in particular, on the Trustees' objectives.

2. Process For Choosing Investments

The Trustees have appointed Mercer to act as discretionary investment manager, by way of Mercer's Dynamic De-risking Solution, to implement the Trustees' strategy whereby the level of investment risk reduces as the Plan's funding level improves. In this capacity, and subject to agreed restrictions, the Plan's assets are invested in multi-client collective investment schemes ("Mercer Funds") managed by a management company (Mercer Global Investments Management Limited ("MGIM")). MGIM has appointed Mercer Global Investments Europe Limited ("MGIE") as investment manager of the Mercer Funds. In practice, MGIE delegates the discretionary investment management for the Mercer Funds to sub-investment managers based in countries such as the UK, USA and Ireland, and those sub-investment managers will manage either a sub-fund or certain segments of a sub-fund. Mercer has expertise in identifying, selecting and combining highly rated fund managers who are best placed and resourced to manage the Plan's assets on a day to day basis.

In considering appropriate investments for the Plan, the Trustees have obtained and considered the written advice of Mercer, whom the Trustees believe to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

3. Investment Objectives

The Trustees' objectives for setting the investment strategy of the Plan have been set with regard to the Plan's Statutory Funding Objectives as set out in the Statement of Funding Principles.

Ongoing Funding Objectives

- The main aim of the investment policy is that the Plan should be at least 100% funded on an ongoing funding basis - that is, the Trustees wish to avoid situations where the Plan is in deficit. On the other hand, the Trustees do not wish the Plan to have an excessively high funding level.

- To ensure the Plan's assets and future contributions are invested in such a manner that the benefits due to members and their beneficiaries can be paid from the Plan as they arise.
- To pay due regard to the interests of Hall & Woodhouse Limited in relation to the payment of employer's contributions.
- The Trustees wish to adopt a reasonably cautious investment policy both in terms of long-term strategic asset allocation, and implementation by their investment managers on a tactical or short term basis.
- To set and monitor realistic performance targets for the appointed investment manager.

Discontinuance Funding Objectives

- To ensure that, should the Plan be discontinued at any point in time, there would be sufficient assets to meet the discontinuance liabilities.
- The Trustees recognise that the above objectives may conflict. For example, a greater allocation to more defensive assets may give greater security, but may result in a level of contributions, which the employer may find too difficult to support. The Trustees also recognise that in resolving this conflict, it is necessary to accept some risk.
- The Trustees' investment objective is to maximise the return of the Plan's assets whilst controlling the risks, and within the constraints of meeting the primary objectives above.
- The investment policy to achieve this objective falls in to two parts:
 - **Strategic management** - The setting of the investment strategy is one of the fundamental responsibilities of the Trustees. The Trustees retain control over the most important decisions such as the starting allocation to "growth assets" and subsequent de-risking framework.
 - **Day-to-day management** - The day-to-day management is delegated to Mercer.

4. Risk Management and Measurement

The Trustees regard risk as the likelihood of failing to achieve the objectives set out above. Therefore, based on the advice from their advisors, they have taken several measures to minimise this risk where possible.

The willingness to take on investment risk is dependent on the continuing financial strength of the Employer and their willingness to contribute to the Plan. The degree of risk taken also depends on the funding status and liability profile. As these change, the Trustees will review the continuing appropriateness of the investment strategy.

The current level of risk is set based on assumptions regarding excess expected returns and volatility of the asset classes versus the Plan's liabilities. These assumptions will be subject to change and hence the Plan's investment strategy may need to be updated to reflect any revisions to the assumptions.

In arriving at the current investment strategy, the Trustees have considered the following risks:

- The primary risk upon which the Trustees focus is that arising through a mismatch between the Plan's assets and its liabilities, and the Employer's ability to support this mismatch risk.
- The Trustees recognise that whilst increasing risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Plan's accruing liabilities, as well as producing more volatility in the Plan's funding position.
- To control the risk outlined above, the Trustees, having taken advice, set the split between the Plan's Growth and Matching Portfolio such that the expected return on the overall portfolio is expected to be sufficient to meet the objectives outlined in section 3. As the funding level improves, investments will be switched from the Growth Portfolio into the Matching Portfolio with the aim of reducing investment risk.
- Whilst moving towards the target funding level, the Trustees recognise that even if the Plan's assets are invested in the Matching Portfolio there may still be a mismatch between the interest-rate and inflation sensitivity of the Plan's assets and liabilities due to the mismatch in duration between assets in the Matching Portfolio and actuarial liabilities.
- The Trustees invest in leveraged LDI funds to maintain the liability hedging without impacting on expected return but recognise that the use of leveraged LDI brings with it additional liquidity risks and requirements which can change over short periods of time with interest rate changes. The Trustees and Mercer review the Matching Portfolio as part of the regular reporting and strategy reviews, including consideration of the market stress buffer and governance.
- The Trustees recognise the risks that may arise from the lack of diversification of investments. To control this risk the Trustees have delegated the asset allocation decisions within the Growth and Matching Portfolios to Mercer (subject to certain restrictions). Mercer aims to ensure the asset allocation policy in place results in an adequately diversified portfolio. Mercer provides the Trustees with regular monitoring reports regarding the level of diversification within the Trustees' portfolio.
- To help the Trustees ensure the continuing suitability of the current investments, Mercer provides the Trustees with regular reports regarding the performance of the underlying asset managers appointed within the relevant Mercer Funds to enable the monitoring of differences between the expected and experienced levels of risk and return.
- There is a risk that the day-to-day management of the assets will not achieve the rate of investment return expected by the Trustees. The Trustees recognise that the use of active investment managers involves such a risk. However, for specific asset classes it believes that this risk is outweighed by the potential gains from successful active management. Likewise, passive management will be used for one of a number of reasons, namely to diversify and reduce risk and when investing in certain asset classes where, due to relatively efficient markets, the scope for achieving added value is more limited.
- To help diversify manager-specific risk, within the context of each of the Growth and Matching Portfolios, the Trustees expect that the Plan's assets are managed by appropriate underlying asset managers.

- By investing in the Mercer Funds, the Trustees do not make investments in securities that are not traded on regulated markets. However, should the Plan's assets be invested in such securities, in recognition of the associated risks (in particular liquidity and counterparty exposure), such investments would normally only be made with the purpose of reducing the Plan's mismatch risk relative to its liabilities or to facilitate efficient portfolio management. In any event, the Trustees would ensure that the assets of the Plan are predominantly invested on regulated markets.
- The Trustees recognise the risks inherent in holding illiquid assets. The Trustees have carefully considered the Plan's liquidity requirements and time horizon when setting the investment strategy and liquidity risk is managed by ensuring illiquid asset classes represent an appropriate proportion of the overall investment strategy.
- The Plan is subject to currency risk because some of the investment vehicles in which the Plan invests are denominated or priced in a foreign currency. Within the context of the Mercer Funds used in the Growth and Matching Portfolios, to limit currency risk, a target non-sterling currency exposure is set and the level of non-sterling exposure is managed using currency hedging derivatives such as forwards and swaps.
- The Trustees recognise that environmental, social and corporate governance concerns, including climate change, have a financially material impact on return. Section 9 sets out how these risks are managed.
- Responsibility for the safe custody of the Plan's assets is delegated to MGIM who has appointed State Street Custodial Services (Ireland) Limited ("State Street") as custodian of the assets invested in their vehicles. MGIM is responsible for keeping the suitability of the Custodian under ongoing review.
- Should there be a material change in the Plan's circumstances, the Trustees will advise Mercer, who will review whether and to what extent the investment arrangements should be altered; in particular whether the current de-risking strategy remains appropriate.

5. Investment Strategy

The Trustees, with advice from the Plan's investment consultant and Scheme Actuary, last reviewed the Plan's investment strategy in 2024. This review considered the Trustees' investment objectives, their ability and willingness to take risk (the "risk budget") and how this risk budget should be allocated and implemented (including de-risking strategies).

Following the review, the key decision was to continue the long-term solution to "de-risk" the Plan's assets relative to its liabilities over time using a dynamic trigger-based de-risking framework. The Trustees decided to engage Mercer to implement their de-risking strategy by way of its Dynamic De-risking Solution in 2022. The 2024 strategy review resulted in the Trustees agreeing to retain some Growth assets with no further de-risking triggers and to update the funding level objective and timeframe. The approach undertaken relates the asset allocation to the Plan's funding level (on an actuarial basis using a single discount rate of 0.5% p.a. in excess of the appropriate gilt yields i.e. "gilts + 0.5% p.a. basis"). The de-risking rule mandates the following practices:

- To hold sufficient growth assets to target 110% funding on a gilts + 0.5% p.a. basis by –2029, as a proxy for a buyout cost and recognising that an additional employer contribution would likely be required to reach this;
- To reduce the volatility in the funding level by reducing unhedged liability exposures;

- To monitor the progress in the funding level and to capture improvements in the funding level promptly, if they arise.

The de-risking strategy takes account of the Plan's initial funding level on a gilts + 0.5% p.a. basis and is based on a model of the progression of the funding level over the relevant period, taking into account the expected contributions from the Employer, as agreed at the latest triennial actuarial valuation.

Once the funding level has moved through a band, the asset allocation will not be automatically "re-risked" should the funding level deteriorate. The investment strategy will be reviewed on an annual basis to ensure that the triggers set remain appropriate and amended if required.

Responsibility for monitoring the Plan's asset allocation, and undertaking any rebalancing activity, is delegated to Mercer. Mercer reports quarterly to the Trustees on its rebalancing activities.

6. Realisation of Investments

The Trustees, on behalf of the Plan, hold shares in the Mercer Funds. In its capacity as investment manager to the Mercer Funds, MGIE, and the underlying sub-investment managers appointed by MGIE, within parameters stipulated in the relevant appointment documentation, have discretion in the timing of the realisation of investments and in considerations relating to the liquidity of those investments.

7. Cash flow and cash flow management

Cash flows, whether positive or negative, are taken into account by Mercer when it rebalances the Plan's assets in line with the target asset allocation. Mercer is responsible for raising cash flows to meet the Plan's requirements.

8. Rebalancing

As noted, responsibility for monitoring the Plan's asset allocation and any rebalancing activity is undertaken by Mercer. Mercer reviews the balance between the Growth and Matching Portfolios on an ongoing basis. If at any time the balance between the Growth and Matching Portfolios is deemed to be outside an agreed tolerance range, Mercer will seek to rebalance these allocations back towards the target allocations. Although Mercer has discretion to vary the tolerance range, it is the intention that the Growth Portfolio allocation will not drift by more than 5% in absolute terms away from the relevant target allocation.

The ranges have been designed to ensure that unnecessary transaction costs are not incurred by frequent rebalancing.

In the event of a funding level trigger being hit, the assets will be rebalanced to bring them in line with the reduced target Growth Portfolio weighting, under the new de-risking band.

Rebalancing takes place in accordance with the provisions of the discretionary investment management agreement entered into between the Trustees and Mercer, and unless specifically agreed, any assets outside of the Growth and Matching Portfolios will not be part of such rebalancing.

9. Environmental, Social, and Governance Considerations

In setting the Plan's investment strategy, the Trustees' primary concern is to act in the best financial interests of the Plan and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social

and governance (“ESG”) factors, including climate change, negatively impact the value of investments held if not understood and evaluated properly.

The Trustees believe that 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.

As noted above, the Trustees have appointed Mercer to act as discretionary investment manager in respect of the Plan’s assets and such assets are invested in a range of Mercer Funds managed by MGIE. Asset managers appointed to manage the Mercer Funds are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Stewardship Code.

The United Nations’ Sustainable Development Goals (SDGs) inform Mercer’s long-term investment beliefs and direct Mercer’s thinking when it comes to converting systemic risks into transformational investment opportunities as outlined in Mercer’s [Sustainability Policy](#).

The Trustees consider how ESG, climate change and stewardship are integrated within the investment processes of Mercer, MGIE and the underlying asset managers. Mercer and MGIE are expected to provide reporting to the Trustees on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and other asset classe where relevant and data is available.

Mercer undertake climate scenario modelling and stress testing on the Mercer multi-sector funds used by the Plan, in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations. The results of the latest climate scenario modelling are within the TCFD compliant [Climate Change Management Report](#). The findings of the modelling are integrated into the asset allocation and portfolio construction decisions, with portfolios increasingly aligned with a 2°C scenario, where consistent with investment objectives and for consistency with the Paris Agreement on Climate Change.

The Trustees recognise the conflict of interest which may arise in the context of responsible investment. Mercer and MGIE make investment decisions with the aim of improving long-term risk adjusted returns and assesses whether selected sub-investment managers have policies and procedures that manage conflicts in relation to stewardship. Sub-investment managers are required to report on any conflicts of interest and demonstrate that they have adhered to their conflicts of interest policies and reported any breaches.

Member views

In setting and implementing the Plan’s investment strategy, the Trustees do not explicitly take into account 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").

Investment Restrictions

The Trustees have not set Mercer any investment restrictions in relation to particular products or activities, but may consider this in future.

10. Additional Voluntary Contributions (“AVCs”) Arrangements

Some members obtain further benefits by paying AVC's to the Plan. The liabilities in respect of these AVC's are equal to the value of the investments bought by the contributions.

From time to time the Trustees review the choice of investments available to members to ensure that they remain appropriate to the members' needs.

11. Trustees' policies with respect to arrangements with, and evaluation of the performance and remuneration of, asset managers and portfolio turnover costs

When engaging Mercer as discretionary investment manager to implement the Trustees' investment strategy outlined in section 5, the Trustees are concerned that, as appropriate and to the extent applicable, Mercer is incentivised to align its strategy and decisions with the profile and duration of the liabilities of the Plan, in particular, its long-term liabilities.

As Mercer manages the Plan's assets by way of investment in Mercer Funds, which are multi-client collective investment schemes, the Trustees accept that they do not have the ability to determine the risk profile and return targets of specific Mercer Funds. However, the Trustees expect Mercer to manage the assets in a manner that is consistent with the Trustees' overall investment strategy. The Trustees have taken steps to satisfy themselves that Mercer has the appropriate knowledge and experience to do so and keeps Mercer's performance under ongoing review.

Should Mercer fail to align its investment strategies and decisions with the Trustees' policies, it is open to the Trustees to disinvest some or all of the assets invested managed by Mercer, to seek to renegotiate commercial terms or to terminate Mercer's appointment.

To evaluate performance, the Trustees receive, and consider, investment performance reports produced on a quarterly basis, which include performance information and commentary in respect of the Plan's funding level and the Mercer Funds in which the Trustees are invested. Such reports have information covering fund performance for the previous three months, one-year, three years and since inception. The Trustees review the absolute performance and relative performance against the benchmark of a portfolio and / or underlying investment manager. The Trustees' focus is on the medium to long-term financial and non-financial performance of Mercer and the Mercer Funds.

Neither Mercer nor MGIE 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 sub-investment managers appointed by MGIE to manage assets within the Mercer 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 Trustees are, however, able to consider the assessment of Mercer and MGIE of how each underlying sub-investment manager embeds ESG into their investment process and how the manager's responsible investment philosophy aligns with the Trustees' own responsible investment policy. This includes the asset managers' policies on voting and engagement.

Section 9 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 a Mercer Fund's investment objectives or the objectives/policies of the Plan.

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

The Trustees are long-term investors and are not looking to change their investment arrangements on an unduly frequent basis. However, the Trustees do keep those arrangements under review, including the continued engagement of Mercer using, among other things, the reporting described above.

The Trustees monitor, and evaluate, the fees paid 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 fees of Mercer and MGIE are based on a percentage of the value of the Plan's assets under management and cover the design and annual review of the de-risking strategy, and ongoing management of the Plan's assets. In addition, the underlying sub-investment managers of the Mercer Funds also 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.

MGIE reviews the fees payable to sub-investment managers managing assets invested in the Mercer Funds on a regular basis, with any negotiated fee savings passed directly to the Plan. Mercer's, MGIE's, and the sub-investment managers' fees are outlined in a quarterly investment strategy report prepared for the Trustees, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee.

Details of all costs and expenses are included in the Mercer Funds' Supplements, the Report & Accounts and within the Plan's annualized, MiFID II compliant Personalised Cost & Charges statement. The Plan's Personalised Cost & Charges statement also include details of the transaction costs associated with investment in the Mercer Funds.

The Trustees do not have an explicit targeted portfolio turnover range, given the de-risking mandate, 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, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE.

12. Review of this Statement

The Trustees will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustees reasonably believe to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

**Agreed by the Trustees of the Hall & Woodhouse Limited and Subsidiary Companies
Retirement Benefits Plan**