Hadley Industries Limited Pension and Life Assurance Scheme

Statement of Investment Principles

August 2026

1 Introduction

This Statement sets out the principles governing decisions relating to the investment of the assets of the Hadley Industries Limited Pension and Life Assurance Scheme ('the Scheme').

The Scheme is a defined benefit arrangement set up under trust and registered with HM Revenue and Customs (HMRC). The Scheme is subject to the Statutory Funding Objective (SFO) introduced by the Pensions Act 2004, i.e. that it should have sufficient and appropriate assets to cover its Technical Provisions, as calculated in accordance with the Trustees' Statement of Funding Principles.

This Statement has been prepared to comply with the following legislation and regulations:

- Section 35 of the Pensions Act 1995,
- Section 244 of the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005,
- The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and
- The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

A copy of this Statement will be made available to Scheme members on request to the Trustees or online.

2 Investment Decision Making

Responsibility for determining the Scheme's investment strategy rests solely with the Trustees. The Trustees' investment powers are set out in Part G of the Scheme's Definitive Deed, dated 28 May 1983, as amended. The powers granted to the Trustees under this Clause are wide and this Statement is consistent with those powers.

The Trustees have obtained and considered professional advice on the content of this Statement from Broadstone Corporate Benefits Limited ('Broadstone'), their appointed investment adviser. Broadstone has confirmed to the Trustees that it has the appropriate knowledge and experience to give the advice required under legislation.

The Trustees have consulted the Principal Employer, Hadley Industries Limited, when setting their investment objectives and strategy, and in the preparation of this Statement.

Responsibility for maintaining the Statement rests solely with the Trustees. The Trustees will obtain such advice as they consider appropriate and necessary whenever they intend to review or revise this Statement.

3 Investment Objectives

In determining their investment objectives and strategy, the Trustees have considered the strength of the Principal Employer's willingness and ability to support the Scheme. They have determined that it is reasonable to take a long-term view in determining their investment objectives and strategy.

In determining their investment objectives and strategy, the Trustees have agreed that the funding position, measured on a Technical Provisions basis, is the assessment of Scheme funding that is of most importance to the Trustees, the Principal Employer and members, as it determines the Scheme's funding requirements and members' long-term benefit security.

The Trustees' investment objectives are as follows:

- To ensure that the assets are of a nature to enable the Trustees to meet the Scheme's benefits as they fall due.
- To invest the Scheme's assets in an appropriately diverse and liquid range of investments.
- To invest in a way that is consistent with the Scheme's funding objectives, i.e. to invest so that the investment return assumptions used to determine the Trustees' funding plan have a reasonable chance of being achieved in practice.
- To constrain the risk to the Scheme's funding position by following a relatively low risk investment strategy, relative to the liabilities. The Trustees would expect to implement such an approach via high hedging ratios against liability-related risks, and a relatively low exposure to absolute levels of return volatility.
- Where future opportunities arise, the Trustees will consider steps to further reduce the volatility of the Scheme's funding position relative to its liabilities calculated under the SFO.
- To continue to grow the funding surplus on the SFO basis as the Scheme progresses towards significant maturity, as defined by the Funding Code.

The Trustees will have regard to the Principal Employer's views on the potential costs and risks associated with the investment objectives set and their implementation through the practical strategy.

4 Setting the Investment Strategy

The Trustees have appointed Legal & General – Asset Management (L&G) ('the Investment Manager') to undertake the day-to-day investment management of the majority of the Scheme's assets backing defined benefits. The remaining assets are held in a direct investment in commercial property which is managed by the Trustees.

The Trustees' policies in setting the investment strategy are set out below:

Policy	
Selection of Investments	The Trustees may select investments from a wide range of asset classes from time to time, including, but not restricted to UK equities, overseas equities, government bonds, corporate bonds, commercial property and alternative asset classes, such as hedge funds, private equity and infrastructure. The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level. The Trustees may also: • Invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Scheme's investments. • Hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part or all of the future liabilities due from it. • Hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme.
Target Asset Allocation	The Trustees will set a Target Asset Allocation, determined with the intention of meeting their investment objectives. The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustees' view of the Principal Employer's covenant, the nature of the Scheme's liabilities or relevant regulations governing pension scheme investment. The Trustees have agreed the range of funds to be used in the investment strategy, taking into account the maturity of the Scheme's liabilities, and to ensure the range is sufficiently robust to allow easy adjustment between the funds as the Trustees' risk appetite changes and the Scheme matures.
Maintaining the Asset Allocation and Target Hedging Ratios	The Trustees regularly review the balance of the Scheme's investments in conjunction with their adviser, Broadstone, and will make any necessary transfers of holdings to maintain the allocation and hedging levels within a reasonable range of their targets, taking account of the reasons for and extent of any deviation, together with the costs associated with rebalancing the portfolio. Maintaining the Target Hedging Ratios will take precedence over maintaining the Target Asset Allocation. Given the illiquid nature of the commercial property holding, its target allocation will be allowed to drift over time.
Delegation to Investment Manager	The Trustees will delegate the day-to-day management of the Scheme's assets (excluding the commercial property holding) to the Investment Manager and will not be involved in the buying or selling of investments.
Realising Investments	The Trustees will make disinvestments from the Investment Manager with the assistance of their administrators and advisers as necessary, to meet the Scheme's cashflow requirements. Rental income is also received from the direct property investment. New money will be invested (or disinvestments required for cash flow purposes) to maintain the Target Hedging Ratios as far as possible.
Employer Related Investments	Neither the Trustees nor the Investment Manager directly hold any employer related investments.

With the exception of the commercial property holding, the Trustees have decided to invest the Scheme's assets in pooled funds because:

- the Scheme is not large enough to justify direct investment in equities or bonds on a cost-effective basis;
- pooled funds allow the Scheme to invest in a wider range of assets which serves to reduce risk; and
- pooled funds provide a more liquid form of investment than certain types of direct investment.

Details of the investment strategy are set out in the **Appendix** to this Statement.

5 Expected Returns

The Trustees expect the assets to produce a return in excess of the long-term growth in the value of the Technical Provisions.

Over the long-term, the Trustees' expectations are to achieve the following rates of return from the asset classes they make use of:

Asset Class	Expected Returns
Equities	In excess of UK price inflation, as measured by the Retail Prices Index (RPI), and in excess of the yield available on long-dated gilts.
Direct property	To generate returns through a combination of rental income and capital appreciation on the commercial property, and to be in-line with comparable commercial property returns.
Self-sufficiency credit funds	Broadly in line with changes in the value of a notional pension scheme with liabilities of a similar nature and duration to the Scheme and to generate quarterly cashflows to pay the benefits of that notional portfolio as they fall due. These funds are also expected to generate a return that is in excess of the yield available on a portfolio of fixed interest government bonds to compensate for the additional risk associated with the proportion of underlying assets that are invested in a diversified portfolio of corporate bonds.
LDI	In line with the sensitivity of the Scheme's liabilities to changes in interest rates and inflation expectations, allowing for the target level of hedging exposure provided by the investment.
Unconstrained bonds	In excess of the return expected on cash, using a diversified range of fixed income investments, with low levels of volatility.

6 Risks

The Trustees have considered various risks the Scheme faces, including market risk, interest rate risk, inflation risk, default risk, concentration risk, manager risk and currency risk, and consider that the Target Asset Allocation strikes a reasonable balance between risk mitigation and seeking an appropriate level of return, taking account of the strength of the Principal Employer's covenant.

The Target Asset Allocation has been determined with due regard to the characteristics of the Scheme's Technical Provisions.

The calculation of the Scheme's Technical Provisions uses assumptions for future investment returns and price inflation expectations that are based upon market values of financial securities such as fixed interest and index-linked government bonds. This means that the Technical Provisions are sensitive to changes in the price of these assets as market conditions vary and can have a volatile value.

The Trustees accept that their investment strategy may result in volatility in the Scheme's funding position. Furthermore, the Trustees also accept that there is a risk that the assets will not achieve the rates of investment return assumed in the calculation of the Scheme's Technical Provisions.

To reduce the risk of concentration within the portfolio, the Trustees will monitor the overall mix of asset classes in the investment strategy with their investment adviser, Broadstone.

The Trustees invest in a wide range of asset classes through the funds and strategies they use and consider the Scheme's strategy to be well diversified.

The Trustees will monitor the investment, covenant and funding risks faced by the Scheme with the assistance of their investment advisers and the Scheme Actuary at least every three years. The Trustees will consider the appropriateness of implementing additional risk mitigation strategies as part of such reviews.

In addition, the Trustees will review wider operational risks as part of maintaining their risk register.

7 Security of Assets

The day-to-day activities that the Investment Manager carries out for the Trustees are subject to regular internal reviews and external audits by independent auditors to ensure that operating procedures and risk controls remain appropriate.

Safe-keeping of the Scheme's assets held with the Investment Manager is performed by custodians appointed by them.

The Trustees have considered the security of the Scheme's holdings with the Investment Manager, allowing for its status as a reputable regulated firm, and consider the associated protection offered to be reasonable and appropriate.

8 Responsible Investment & Stewardship

The Trustees believe that in order to protect and enhance the value of the investments, during the period over which the benefits are paid, they must act as a responsible asset owner.

The Scheme is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustees therefore do not explicitly seek to reflect any specific views through the implementation of the investment strategy, both financial and non-financial.

The Trustees' policies in respect of responsible investment are set out below:

Policy	
Financially Material Considerations	The Trustees recognise that Environmental, Social and Governance (ESG) issues can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Scheme invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustees delegate responsibility for day-to-day decisions on the selection of investments to the Investment Manager. The Trustees have an expectation that the Investment Manager will consider ESG issues in selecting investments or will otherwise engage with the issuers of the Scheme's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets. The Trustees do not currently impose any specific restrictions on the Investment Manager with regard to ESG issues but will review this position from time to time. The Trustees receive information on request from the Investment Manager on their approach to selecting investments and engaging with issuers with reference to ESG issues. With regard to the specific risk to the performance of the Plan's investments associated with the impact of climate change, the Trustees take the view that this falls within their general approach to ESG issues. The Trustees regard the potential impact of climate change on the Scheme's assets as a longer-term risk and likely to be less material in the context of the short to medium term development of the Scheme's funding position than other risks. The Trustees will continue to monitor market developments in this area with their investment adviser.
Non-Financially Material Considerations	Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustees believe these should not drive investment decisions. The Trustees expect the Investment Manager, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.
Engagement and Voting Rights	The Trustees' voting and engagement policy is to use their investments to improve the ESG behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustees believe that having this policy and aiming to improve how companies behave in the medium and long term is in the members' best interests. The Trustees will aim to monitor the actions taken by the Investment Manager on their behalf and if there are significant differences from the policy detailed above, they will escalate their concerns which could ultimately lead to disinvesting their assets from the Investment Manager.
Capital Structure of Underlying Companies	Responsibility for monitoring the capital structure of investee companies is delegated to the Investment Manager. The Trustees expect the extent to which the Investment Manager monitors capital structure to be appropriate to the nature of the mandate.

The voting policies of L&G, as the Investment Manager, can be found at the following website:

https://am.landg.com/en-uk/institutional/responsible-investing/investment-stewardship/

The Trustees' views on how ESG issues are taken account of in each asset class used is set out below:

Asset Class	Active/Passive Managed	ESG Views
Equities	Passive	The Trustees acknowledge that the Investment Manager must invest in line with the specified benchmark indices, which limits the scope for ESG considerations. However, the Trustees expect the Investment Manager to take account of ESG considerations by engaging with companies that form the indices, and by exercising voting rights on these companies.
Direct property	Active	Given the nature of the asset class and underlying investment, the Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns.
Self-sufficiency credit funds	Active	These funds consist of a mix of corporate bonds, government bonds, Liability Driven Investment (LDI) assets, and cash. With respect to the corporate bonds, the Trustees expect the Investment Manager to take financially material ESG factors into account, given the active management style of the underlying funds and the ability of the Investment Manager to use its discretion to generate higher risk-adjusted returns. The Trustees also expect the Investment Manager to engage with investee companies, where possible, although they appreciate that fixed income assets do not typically attract voting rights. With respect to the LDI assets, the underlying assets consist of government bond funds and derivative contracts, with no underlying investee companies as such. Therefore, the Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.
LDI	Active	The Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.
Global unconstrained bonds	Active	The Trustees expect the Investment Manager to take financially material ESG factors into account, given the active management style of the fund and the ability of the manager to use its discretion to generate higher risk-adjusted returns. The Trustees also expect their Investment Manager to engage with investee companies, where possible, although they appreciate that fixed income assets do not typically attract voting rights.

9 Conflicts of Interest

The Trustees maintain a separate conflicts of interest policy and conflicts register.

Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the Investment Manager, whilst also setting out a process for their management.

10 Duration of Investment Arrangements

The Trustees are long-term investors and have not set an explicit target to review the duration of their arrangement with the Investment Manager. However, the arrangements will be reviewed in conjunction with any review of the investment strategy.

11 Incentivisation of Investment Manager

The Investment Manager is primarily remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund.

The Trustees do not directly incentivise the Investment Manager to align the approach they adopt for a particular fund with the Trustees' policies and objectives. Instead, the Investment Manager and the funds are selected so that, in aggregate, the risk-adjusted returns produced are expected to meet the Trustees' objectives.

Neither do the Trustees directly incentivise the Investment Manager to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustees expect such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Scheme.

12 Portfolio Turnover Costs

The Trustees expect the Investment Manager to change underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions. The Trustees therefore do not set a specific portfolio turnover target for their strategy or the underlying funds.

The Investment Manager provides information on portfolio turnover and associated costs to the Trustees so that this can be monitored, as appropriate.

13 Monitoring

The Trustees employ Broadstone to assist them in monitoring the performance of the Scheme's investment strategy and Investment Manager.

The Trustees receive quarterly reports from the Investment Manager and meet with its representatives periodically to review their investment performance and processes. The Trustees and Broadstone will monitor the Investment Manager's performance against their performance objectives.

The appropriateness of the Investment Manager's remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise the manager has had in meeting its objectives, both financial and non-financial.

The Trustees will consider on a regular basis whether the Investment Manager remains appropriate to continue to manage the Scheme's investments.

14 Review of Statement

The Trustees will review this Statement if there is a significant change in the Scheme's investment strategy or a significant change in the regulations that govern pension scheme investment.

REDACTED

On behalf of the Trustees of the Hadley Industries Limited Pension and Life Assurance Scheme

Date: **6 August 2026**

Appendix A Investment Strategy Implementation Summary

A.1 Target Asset Allocation

The Target Asset Allocation for the Scheme's assets is as follows:

Asset Class	Target Asset Allocation
Growth assets	
Equities	
L&G World Equity Index (GBP Hedged)	17%
Property	
Dartmouth Road Property	13%
Protection assets	
Self-sufficiency credit	
L&G Self-Sufficiency Credit Funds	48%
LDI solution	
L&G Matching Core (LDI) Funds	15%
L&G Global Unconstrained Bond Fund	7%
Total	**100%**

The balance between these funds will vary with market conditions and will be maintained to target the agreed hedging levels against changes in long-term interest rates and inflation expectations.

A.2 Investment Manager

The Trustees entered into a contract with L&G in June 2026.

The Investment Manager is authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000.

A.3 Target Hedging Ratios

The target hedging ratios against the interest rate risk and inflation risk associated with the Scheme's total Technical Provisions liabilities are summarised below:

	Target Hedging Ratio
Interest rates	100%
Inflation expectations	100%

A.4 Fund Performance Benchmarks and Objectives

The equity fund is a passively managed index-tracking fund, meaning that its objective is to track the total return on a specified market index within an agreed margin over a specified timescale. The benchmark and tracking criterion for this fund is given below:

Fund	Benchmark	Performance Objective
L&G World Equity Index Fund (GBP Hedged)	FTSE All-World Index – GBP Hedged	Track the performance of the benchmark to within ±0.5% p.a. for two years out of three

The direct property investment aims to provide rental income and capital appreciation over the long term. The Trustees have not set a performance benchmark or objective for this investment given its nature.

The L&G Self-Sufficiency Credit Funds have objectives to provide prescribed levels of hedging against changes in the value of liabilities for a typical defined benefit pension scheme caused by interest rate risk and inflation risk. The L&G Self-Sufficiency Credit Funds also have an objective to generate quarterly cashflows to pay the benefits of a notional pension scheme with liabilities of similar nature and duration to the Scheme as they fall due.

The L&G Matching Core Funds have an objective to provide a prescribed level of hedging against changes in the value of liabilities for a typical defined benefit pension scheme caused by interest rate and inflation risks.

The practical method of implementing the levels of hedging and generating the cashflow is delegated within the matching core and self-sufficiency credit funds to the manager, with the expectation that L&G will choose the most cost-effective method.

The unconstrained bond fund used by the Trustees is actively managed, with an objective to outperform a specified market benchmark, as summarised below:

Fund	Benchmark	Performance Objective
L&G Global Unconstrained Bond Fund	ICE BofA SONIA 3-Month Constant Maturity Total Return Index	To outperform the benchmark by 1.50% p.a. over a rolling three year basis (before fees)

A.5 Investment Management Charges

The annual management charges for each of the funds used, based on the assets under management at the date of this Statement, are given below:

Fund	Annual Management Charge (p.a.)
L&G World Equity Index Fund (GBP Hedged)	0.185%*
L&G Self-Sufficiency Credit Funds	0.180%**
L&G Matching Core (LDI) Funds	0.200%***
L&G Global Unconstrained Bond Fund	0.250%

*Discounted from 0.223% p.a. until further notice.
**Discounted from 0.200% p.a. until further notice.
***Discounted from 0.240% p.a. until further notice.