

Habib Bank Limited Pension and
Life Assurance Scheme
**STATEMENT OF INVESTMENT
PRINCIPLES**

October 2025

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1 INTRODUCTION

This Statement of Investment Principles (the "Statement") has been prepared by PAN Trustees UK LLP, the Trustee of the Habib Bank Limited Pension and Life Assurance Scheme (the "Scheme"), in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

The Statement outlines the principles governing the investment policy of the Scheme and the activities undertaken by the Trustee to ensure the effective implementation of these principles.

In preparing the Statement, the Trustee has:

- Obtained and considered written advice from a suitably qualified individual, employed by their investment adviser, Atkin Trustees Limited ("Atkin"), whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments; and
- Consulted with the Sponsoring Employer, although they affirm that no aspect of their strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.

The advice and the consultation process considered the suitability of the Trustee's investment policy for the Scheme.

The Trustee will review the Statement formally at least every three years to coincide with the triennial Actuarial Valuation or other actuarial advice relating to the Statutory Funding Requirements. Furthermore, the Trustee will review the Statement without delay after any significant change in investment policy or if there is a material change in the circumstances of the Scheme or its investments which means such a review is appropriate. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Sponsoring Employer.

2 INVESTMENT OBJECTIVES

The Trustee's primary investment objective for the Scheme is to achieve a long-term overall rate of return to ensure that sufficient assets are available to meet all liabilities as and when they fall due whilst maintaining an appropriate risk balance.

The Trustee also aims to materially reduce the historic level of funding volatility within the Scheme due to changes in gilt yields. The Trustee notes the difficulties the Sponsoring Employer has in releasing funds from Pakistan and, therefore, aims to select an investment strategy where, as far as possible, the impact of movements in gilt yields on the Scheme's liabilities is matched by a corresponding movement in the value of the Scheme's assets to reduce the frequency and amount of any future contribution requirements from the Sponsoring Employer.

The Trustee has received confirmation from the Scheme Actuary during the process of revising the investment strategy that its investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

3 INVESTMENT RESPONSIBILITIES

3.1 Trustee's Duties and Responsibilities

The Trustee is responsible for setting the investment objectives and determining the strategy to achieve the objectives.

The duties and responsibilities of the Trustee include, but are not limited to, the following tasks and activities:

- The regular approval of the content of the Statement
- The appointment and review of the investment managers and investment adviser
- The choice of appropriate funds to implement the agreed investment strategy
- The assessment and review of the performance of each investment manager
- The assessment of the risks assumed by the Scheme at total scheme level and on a manager by manager basis
- The approval and review of the asset allocation benchmark for the Scheme
- The compliance of the investment arrangements with the principles set out in the Statement

3.2 Investment Adviser's Duties and Responsibilities

The Trustee has appointed Atkin as the investment adviser to the Scheme. Atkin provides advice as and when the Trustee requires it, as well as raising any investment-related issues, of which it believes the Trustee should be aware. Matters on which the Trustee will seek Atkin's advice include the following:

- Setting of investment objectives
- Determining investment strategy and asset allocation
- Determining an appropriate investment structure
- Monitoring the investment managers to ensure their continuing appropriateness to the mandates given and performance against their benchmarks
- Setting cashflow management (investment and disinvestment) and rebalancing policies (see Appendix 2)

The Trustee may seek advice from Atkin with regard to both strategic and tactical investment decisions (see Section 4 - Investment Strategy); however, it retains responsibility for all such decisions, including those that concern investments and disinvestments relating to cashflows.

3.3 Arrangements with Investment Managers

The Trustee is a long-term investor and does not look to change the investment arrangements on a frequent basis.

The Trustee, after considering appropriate investment advice, has invested around 82.5% of the Scheme's assets previously held in a Unitised With-Profits policy, in the Aviva Life & Pensions UK Limited ("Aviva") Old and New With-Profits Sub-Fund, into a pooled pension policy with Legal & General Assurance (Pensions Management) Limited ("PMC"), whose appointment foregoes the need for a custodian. The Trustee will only invest in pooled investment funds through the policy with PMC. The Trustee therefore cannot specify the risk profile and return targets of the pooled funds, but the funds are chosen with appropriate characteristics to align with the overall investment strategy.

Aviva and PMC are authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA. PMC has delegated investment management to Legal & General Investment Management Limited ("LGIM"). LGIM is authorised and regulated by the FCA.

The investment manager is responsible for all decisions concerning the selection of the individual securities within the portfolios they manage. In the case of a multi-asset mandate, the investment manager is responsible for all decisions concerning the allocation to individual asset classes and changes in the allocations to individual asset classes.

The investment managers are remunerated by charges based on the value of the assets that they manage on behalf of the Scheme.

None of the funds in which the Scheme's assets are invested have performance based fees which could encourage the manager to make short term investment decisions to hit their profit targets.

The Trustee therefore considers that the method of remunerating the investment managers is consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, it will in turn encourage the investment manager to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustee is satisfied that the charges for the different funds are reasonable and are clear and consistent with each fund's stated characteristics. The Trustee is therefore satisfied that this is an appropriate basis for remunerating the investment managers and is consistent with the Trustee's policies as set out in this Statement.

3.4 Summary of Responsibilities

A summary of the responsibilities of all relevant parties, including the Scheme Actuary and the administrators, so far as they relate to the Scheme's investments, is set out in Appendix 4.

4 INVESTMENT STRATEGY

4.1 Setting Investment Strategy

The Trustee has determined its investment strategy after considering the Scheme's liability profile and requirements of the Statutory Funding Objective, an appropriate appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustee has also received written advice from its investment adviser.

Taking these factors into consideration, the Trustee has determined that the benchmark asset allocation, as set out in Appendix 1, is suitable for the Scheme.

In making this decision, the Trustee is satisfied that it is consistent with its investment objectives.

In respect of the investment of contributions and any disinvestments to meet member benefit payments, the Trustee has decided on a structured approach as set out in Appendix 2.

4.2 Investment Decisions

The Trustee distinguishes between four types of investment decision: strategic, manager selection, tactical and stock-level.

Strategic Investment Decisions

These decisions are long-term in nature and are driven by an understanding of the objectives, needs and liabilities of the Scheme.

The Trustee takes all such decisions itself. It does so after receiving written advice from its investment adviser and consulting with the Sponsoring Employer. Examples of such decisions and of tasks relating to the implementation of these decisions include the following:

- Setting investment objectives
- Determining the split between the growth and the hedging portfolios
- Determining the allocation to asset classes within the growth and hedging portfolios
- Determining the Scheme benchmark
- Reviewing the investment objectives and strategic asset allocation

Manager Selection Decisions

Having determined the Scheme's investment strategy, the Trustee then selects suitable investment managers to deliver that strategy. In selecting investment managers the Trustee considers:

- the advice received from its investment adviser
- the manager's track record in delivering the performance in line with the benchmark set;
- the security and liquidity of the investments; and
- the managers' approach to responsible investment.

Tactical Investment Decisions

These decisions are short-term and based on expectations of near-term market movements. Such decisions may involve deviating temporarily from the strategic asset allocation and may require the timing of entry into,

or exit from, an investment market or asset class.

These decisions are the responsibility of the Trustee. However, where such decisions are made within a pooled fund, they are the responsibility of the investment manager of the fund.

Stock Selection Decisions

All such decisions are the responsibility of the investment manager of the pooled funds in which the Scheme is invested.

4.3 Types of Investments to be Held

The Trustee is permitted to invest across a wide range of asset classes.

All the funds in which the Scheme invests are pooled and unitised. The use of derivatives is as permitted by the guidelines that apply to the relevant pooled fund.

The Trustee notes that the actuarial value of the Scheme's future benefits payments to members is sensitive to changes in long term interest rates and long term inflation expectations. The Trustee has decided to invest in Liability Driven Investment ("LDI") funds which aim to respond in a similar way to changes in these factors and reduce the volatility of the Scheme's funding position. This is referred to as hedging.

4.4 Social, Environmental and Ethical Policy

The Trustee believes that its main duty, reflected in the Scheme's investment objectives, is to protect the financial interests of the Scheme's members. The Trustee understands that it must consider all financially relevant factors in making investment decisions on behalf of the Scheme. However, it may also consider any non-financial factors, to the extent that they have the ability to impact the financial results of the Scheme's investments over the duration of the Scheme, if it believes that such factors reflect the views of members.

The Trustee recognises that Environmental, Social and Governance (ESG) factors, including climate change, can all influence the investment performance of the Scheme's portfolio and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process and that ESG risks are identified and avoided or mitigated as best as possible.

The Trustee believes that investing with a manager who approaches investments in a responsible way and takes account of ESG-related risks will lead to better risk adjusted performance results as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken.

The Trustee recognises its investment managers' approaches to social, environmental and ethical factors with respect to their selection of investments and are satisfied that a responsible approach, which is consistent with the long-term financial interests of the Scheme and its members, is undertaken.

As noted earlier, the Scheme's assets are invested in pooled investment funds. The Trustee has identified that the influence it can have on the social, environmental and ethical policies and practices of the companies in which their managers invest is limited to its manager selection processes. The Trustee will continue to review the available products and approaches in this space and strive for the Scheme to continue to deliver strong risk-adjusted returns, incorporating responsible investments principles into the process, where possible.

4.5 Corporate Governance, Voting Policy and Stewardship

The Scheme is invested solely in pooled investment funds. The Trustee therefore has no direct ability to engage with, monitor investee companies or exercise voting rights. These are the responsibility of the pooled fund investment managers and the Trustee expects the investment managers to use their discretion to act in the long term financial interests of investors.

The Trustee considers the investment managers' corporate governance and stewardship policies part of its selection and monitoring processes. These are available on request and on the managers' respective websites.

Where the Trustee is specifically invited to vote on a matter relating to corporate policy, the Trustee will exercise its right in accordance with what they believe to be the best financial interests of the Scheme's membership as a whole.

5 RISK

Under the Pensions Act 2004, the Trustee is required to state their policy regarding the ways in which risks are to be measured and managed. These are set out below.

Solvency Risk and Mismatching Risk

- These are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities.
- These are managed by setting a scheme-specific strategic asset allocation with an appropriate level of risk.

Manager Risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.
- It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process and by appointing Atkin to monitor and advise on the replacement of any managers where concerns exist over their continued ability to deliver the investment mandate.

Liquidity Risk

- This is monitored according to the level of cashflows required by the Scheme over a specified period.
- It is managed by holding an appropriate amount of readily realisable investments. The Scheme's assets are invested in pooled funds which are readily realisable.

Political Risk

- This is measured by the level of concentration in any one market leading to the risk of adverse influence on investment values arising from political intervention.
- It is managed by regular reviews of the investments and through investing in funds which give a wide degree of diversification.

Corporate Governance Risk

- This is assessed by reviewing the Scheme's investment managers' policies regarding corporate governance.
- It is managed by delegating the exercise of voting rights to the managers, who exercise this right in accordance with their published corporate governance policies. Summaries of these policies can be provided to the Trustee from time to time and take into account the financial interests of the shareholders, which should ultimately be to the Scheme's advantage.

Sponsor Risk

- This is assessed as the level of ability and degree of willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit.
- It is managed by assessing the interaction between the Scheme and the sponsor's business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the sponsor. Regular updates on employer covenant are provided to the Trustee.

Legislative Risk

- This is the risk that legislative changes will require action from the Trustee so as to comply with any such changes in legislation.
- The Trustee acknowledges that this risk is unavoidable but works closely with its investment adviser and will seek to address any required changes so as to comply with changes in legislation.

Credit Risk

- This is the risk that is associated with the inability of a borrower to repay, in full or part the monies which it owes to a creditor.
- The Scheme invests in pooled investment vehicles and is therefore indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.
- The Scheme's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.
- Indirect credit risk arises in relation to underlying bond investments held in the pooled funds. This risk is mitigated by investing in funds with diversified portfolios and in respect of the LDI funds is managed by the investment manager's counterparty management and collateralisation procedures.

Currency Risk

- This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, it may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.

Interest and Inflation Rate Risk

- This is the risk that an investment's value will change due to a change in the level of interest and/or expected inflation rates. This affects debt instruments more directly than growth instruments.
- The Trustee recognises that the Scheme's liabilities are exposed to a significant level of interest and inflation risk and for this reason it is desirable for the assets to be exposed to an appropriate level of interest/inflation rate risk. The Trustee has therefore invested in LDI funds to manage these risks, with the LDI strategy set so as to provide an acceptable level of hedging against the interest rate and inflation risks inherent within the Scheme's liabilities.

Other Price Risk

- This is the risk of volatility that principally arises in relation to the return seeking assets.
- The Trustee acknowledges that a scheme can manage its exposure to price risk by investing in a diverse portfolio across various markets and have therefore invested the Scheme's return seeking assets in a unitised with-profits fund in order to achieve a diversified exposure to different investment markets and manage this risk.

ESG Risk

- This is the risk that ESG concerns, including climate change, have a financially material impact on the return of the Scheme's assets. The Trustee manages this risk by investing in well-respected investment managers where ESG principles are an established part of the investment decision making process and by regularly reviewing the ESG scoring of the investment adviser's scoring of the Scheme's managers.

6 MONITORING OF INVESTMENT ADVISER AND MANAGERS

6.1 Investment Adviser

The Trustee assesses and reviews the performance of its adviser in a qualitative way. In doing so, the Trustee sets objectives for its investment adviser and monitors performance against these.

6.2 Investment Managers

The Trustee receives quarterly monitoring reports on the performance of the investment manager from LGIM which present performance information over 3 months, 1 year and 3 years. The reports show the absolute performance, performance against the manager's stated target performance (over the relevant time period) on a net of fees basis. They also provide returns of market indices so that these can be used to help inform the assessment of the manager's performance.

The Trustee receives an annual report from Aviva that provides information on the reversionary bonus added over the year and the final bonus that applied at the end of the Scheme year.

Separate reporting reviews the performance of the Scheme's assets in aggregate against the Scheme's strategic benchmark.

In conjunction with advice and information from its investment adviser, the Trustee has the role of replacing the investment managers where appropriate. It takes a long-term view when assessing whether to replace the investment managers, and such decisions would not be made based solely on short-term performance concerns. Instead, changes would be driven by advice from Atkin that the investment manager is unlikely to be able to perform in line with their fund's mandate over the long term.

Changes will also be made to the managers if there is a strategic change to the overall strategy and therefore the Scheme no longer requires exposure to that asset class or manager.

6.3 Portfolio Turnover Costs

The Trustee reviews the performance monitoring reports which it receives which are net of all charges, including such costs. Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.

Given that the Scheme invests in a range of pooled funds, the Trustee does not consider it appropriate to have an overall portfolio turnover target for the Scheme.

7 BEST PRACTICE

The Trustee notes that in March 2017, the Pensions Regulator released 'Investment Guidance for Defined Benefit Pension Schemes'.

The Trustee is satisfied that the investment approach adopted by the Scheme is consistent with the guidance so far as it is appropriate to the Scheme's circumstances.

The Trustee meets with its investment adviser on a regular basis, monitoring developments both in relation to the Scheme's circumstances and in relation to evolving guidance, and will revise the Scheme's investment approach if considered appropriate.

8 COMPLIANCE

This Statement is available to members online.

A copy of this Statement is also supplied to the Sponsoring Employer, the Scheme Auditor and the Scheme Actuary.

This Statement supersedes all others and was approved by the Trustee.

Signed on behalf of the Trustee by:

Signed:

Print names:

Date:

APPENDIX 1: ASSET ALLOCATION BENCHMARK

The Scheme's current strategic asset allocation benchmark is set out below.

Asset Class	Strategic Allocation (%)
Growth Assets	35
Unitised With-Profits fund	17.5
Global Equities	17.5
Matching Assets	65
Corporate Bonds	15
LDI – Nominal and Real	35
Absolute Return Bonds / Cash	15
Total	100

The policy for rebalancing and investment/ disinvestment of cashflows is set out in Appendix 2.

NB:

The equity funds provide exposure to developed and emerging equity markets while reflecting significant environmental, social and corporate governance (ESG) issues.

There are no guideline ranges as the actual asset allocation percentages will change as investment market conditions change. The Trustee, along with its advisor, will assess the allocations on an ongoing basis and make adjustments as, and when, they see fit based on the strategic allocations set out above and the magnitude of any deviations from above.

The proportions held in corporate bonds, fixed and index-linked gilts and liability driven investment (nominal and real) holdings are designed to hedge 85% - 90% of the value placed on the 'funded' liabilities, measured on the Long Term Objective (LTO) basis. Hence, like the liabilities, their values will float as interest and expected inflation rates change. Alterations to the actual percentage allocation may take place from time to time which will be driven by the actual interest and inflation hedge ratios relative to their targets (rather than simply the percentage held).

APPENDIX 2: CASHFLOW AND REBALANCING POLICY

Rebalancing Policy

The Trustee is satisfied that there should be no automatic rebalancing policy in place. Instead, the Trustee will use the reporting provided by Atkin to determine if any funds' values have moved significantly enough to consider taking appropriate action.

The Trustee notes that the LDI funds can move significantly in value in response to changing economic conditions (i.e. changing interest and expected inflation rates) and that buying or selling LDI funds would change the level of liability hedging.

Cashflow Policy

All investment and disinvestment requirements will be given specific consideration by the Scheme's investment adviser, who will advise the Trustee in writing via email. For avoidance of doubt, this Statement will not be revised purely in relation to a change in cashflow policy.

LDI Recapitalisation/Distribution

The Trustee notes that the LDI manager may require additional cash from time to time in order to support the operation of the LDI funds, or, may distribute cash from time to time. The Trustee has put in place a policy regarding this recapitalisation/distribution procedure.

APPENDIX 3: INVESTMENT MANAGER INFORMATION

The current managers and their funds are set out below.

The Trustee may, after receiving advice from Atkin, replace a manager/fund with a suitable alternative as soon as is practicable.

Growth Assets

Manager/Fund	Benchmark	Objective	Dealing Frequency
Aviva Life & Pensions UK Limited Old and New With-Profits Sub-Fund	N/a	To provide a steady capital growth over the medium to long term by investing in a broad range of assets, while smoothing out some of the fluctuations of investment markets.	Daily
LGIM Future World Global Equity Index	Solactive L&G ESG Global Markets Index	To achieve a return that is consistent with the benchmark	Weekly
LGIM Future World Global Equity Index GBP Hedged	Solactive L&G ESG Global Markets Index GBP Hedged	To achieve a return that is consistent with the benchmark	Weekly

Matching Assets

Manager/Fund	Benchmark	Objective	Dealing Frequency
LGIM AAA-AA-A Corporate Bond All Stocks Index Fund	Markit iBoxx £ Non-Gilts (ex-BBB) Index	To achieve a return that is consistent with the benchmark	Weekly
LGIM Nominal Dynamic LDI Funds	Cashflows for a typical pension scheme	To track a set of nominal cashflows resembling a typical scheme	Weekly
LGIM Real Dynamic LDI Fund	Cashflows for a typical pension scheme	To track a set of real cashflows resembling a typical scheme	Weekly
LGIM Global Unconstrained Bond Fund	ICE BofA SONIA 3-Month Constant Maturity Total Return Index	To outperform the benchmark by 1.5% p.a. over a rolling three year basis (before fees)	Weekly
LGIM Sterling Liquidity Fund	Sterling Overnight Index Average (SONIA)	To provide diversified exposure and a competitive return in relation to SONIA	Weekly

The Scheme also holds annuity policies with Aviva in respect of those members who have retired and are in receipt of pensions paid by Aviva.

APPENDIX 4: RESPONSIBILITIES OF PARTIES

Trustee

The Trustee's responsibilities include the following:

- Reviewing at least triennially, and more frequently if necessary, the content of this Statement in consultation with the investment adviser and modifying it if deemed appropriate
- Reviewing the investment strategy following the results of each actuarial review, in consultation with the investment adviser and Scheme Actuary
- Appointing the investment manager(s), platform provider and custodian (if required)
- Assessing the quality of the performance and processes of the investment manager(s) by means of regular reviews of investment returns and other relevant information, in consultation with the investment adviser
- Consulting with the Sponsoring Employer regarding any proposed amendments to this Statement
- Monitoring compliance of the investment arrangements with this Statement on a continuing basis

Investment Adviser

The investment adviser's responsibilities include the following:

- Participating with the Trustee in reviews of this Statement
- Production of performance monitoring reports
- Advising the Trustee, at their request, on the following matters:
 - Through consultation with the Scheme Actuary, how any changes within the Scheme's benefits, membership, and funding position may affect the manner in which the assets should be invested
 - How any significant changes in the investment managers' organisation could affect the interests of the Scheme
 - How any changes in the investment environment could present either opportunities or problems for the Scheme
- Undertaking project work, as requested, including:
 - Reviews of asset allocation policy
 - Research into and reviews of Investment Managers
- Advising on the selection of new managers and/or custodians
- Advising the Trustee on an appropriate overall cashflow and rebalancing process
- Providing advice in relation to specific cashflows and rebalancing as appropriate

Scheme Actuary

The Scheme Actuary's responsibilities include the following:

- Liaising with the investment adviser regarding the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme
- Assessing the funding position of the Scheme and advising on the appropriate response to any shortfall
- Performing the triennial (or more frequent, as required) valuations and advising on the appropriate contribution levels

Administrator

The Administrator's responsibilities include the following:

- Ensuring there is sufficient cash available to meet benefit payments as and when they fall due
- Paying benefits and making transfer payments
- Liaising with the investment managers according to the Trustee's instructions in relation to investments and disinvestments.