Hashimoto Limited Pension Scheme
Statement of Investment Principles
June 2025

1. Introduction

This Statement of Investment Principles ("the Statement") has been prepared by the Trustee of the Hashimoto Limited Pension Scheme ("the Scheme") in accordance with Section 35 of the Pensions Act 1995 (the "Act"), as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005.

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 this Statement the Trustee has:

- Consulted a suitably qualified person in obtaining written advice from Isio Services Limited ("Isio" or the "Investment Advisor"), whom it believes to have a degree of knowledge and experience that is appropriate for the management of its investments; and

- Consulted with the Sponsoring Employer, although it affirms that no aspect of its strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.

Isio is authorised and regulated by the Financial Conduct Authority ("FCA").

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

This Statement of Investment Principles will be reviewed at least every three years, or whenever changes to the principles or strategy are necessary. Any changes to this Statement will be undertaken having taken advice, as appropriate, and following consultation with the Sponsoring Employer.

2. Investment Objectives

The Trustee's primary objectives for setting the Scheme's investment strategy are set out below:

- "growth objective" – to be invested in assets which are expected to achieve a return consistent with the discount rate used to value the Scheme's Technical Provisions liabilities; and

- "stability objective" – to have due regard to the Sponsoring Employer's ability in meeting its contribution payments given its size and incidence, and to have due regard to the volatility of measures of funding and security.

- "hedging objective" – for the assets to hedge a portion of the interest rate and inflation risk associated with the Scheme's liabilities on a Technical Provisions basis.

The Trustee believes that its investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used by the Scheme Actuary.

3. Investment Strategy

3.1. Choosing investments

The Trustee recognises that there are two main factors driving the investment characteristics of the pension liabilities:

- Firstly, the Scheme's Technical Provisions basis will use a discount rate linked to bond rates and thus investments in similar bonds would result in asset values moving in a similar pattern - "matching assets"; and

- Secondly, the Scheme's Technical Provisions liabilities include those increased annually for inflation. Thus, these individual liabilities have a direct link to inflation i.e. they are "real" liabilities as opposed to "nominal" liabilities.

Therefore, it is considered that the best "matching assets" for the liabilities are a mixture of nominal and index-linked bonds of appropriate durations. Such a portfolio of assets could be considered a “minimum risk” Liability Driven Investment (“LDI”) portfolio. In addition to the use of physical bonds, the Scheme could use interest rate, inflation and total return swaps along with gilt/index-linked gilt repurchase agreements (“repo”) to gain leveraged exposure to interest rates and inflation.

The Trustee feels that is appropriate to deviate from a “minimum risk” position and invest some of the Scheme's assets in equities and corporate bonds in an effort to improve the ongoing Technical Provisions and Solvency funding positions and to reduce the reliance on the Sponsoring Employer's contributions to fund liabilities. However, both the Trustee and the Sponsoring Employer recognise that holding such assets will bring increased volatility of sponsor contribution requirements in anticipation of reduced costs in the long term. The Trustee works with the Scheme Actuary and Isio to decide what degree of risky assets are appropriate at each given point in time.

Finally, when choosing investments, the Trustee has considered risks, including Environmental, Social and Governance (“ESG”) factors, which they believe to be financially material to the Scheme's investments over the period needed to fund its liabilities.

3.2. Investment Managers

The Trustee, with guidance from their Investment Advisor, has chosen Legal and General Investment Management (“LGIM”) to be the Scheme's investment manager. LGIM is authorised and regulated by the FCA.

The fee arrangements agreed with LGIM is summarised in Point 3.5 of this Statement. These fees are based on assets under management and are not subject to any performance conditions. The Trustee reviews the fees charged by LGIM on a regular basis as part of its monitoring framework to ensure fees remain reasonable in the context of the Scheme's size and complexity.

The Trustee also reviews additional investment manager costs and charges (including portfolio turnover costs) on a regular basis, and on the selection of any mandate, to ensure that they are appropriate and competitive for the service being provided. The Trustee monitors the portfolio turnover in the context of what the Trustee believes to be reasonable given the nature of each mandate. By also monitoring performance and associated costs, LGIM incentivised to consider the impact of portfolio turnover on investment performance.

The Trustee believes that along with LGIM's stewardship policies, which are detailed in Section 5 of this document, the objectives of the funds are aligned with the medium- and long-term views of the Trustee.

The remuneration of LGIM is not directly linked to performance, given the absence of performance related fees, or to ESG practices. However, the Trustee will review and replace LGIM if net of fees investment performance and ESG practices are not in line with the Trustee's expectations and views.

The Trustee, with guidance from their Investment Provider, has chosen to invest in open-ended pooled funds. For these funds, the Trustee's policy is to enter arrangements with no fixed end date. However, the Trustee will seek to enter arrangements where it has the power to terminate these in line with the liquidity of the underlying assets and as agreed in the mandate. The Scheme's open-ended investments are weekly dealt. The Trustee will determine whether to terminate such arrangements on an ongoing basis through its regular monitoring of LGIM's performance against objectives. The Trustee may also elect to terminate the arrangements with LGIM when performing ongoing reviews of the suitability of the Scheme's asset allocation over time.

3.3. Strategic investment benchmark

The Trustee has put in place the following investment strategy for the Scheme.

Asset Class	Fund	Strategic Allocation (%)
Global Equities	LGIM Future World Global Equity Index Fund – GBP Hedged	30
Liability Driven Investments (LDI) and collateral	LGIM Matching Core Fixed and Real Funds	35
Buy and Maintain Credit	LGIM Buy and Maintain Credit Fund	35
Total		**100**

All investments to be held are to be managed by FCA authorised and regulated investment managers.

The objective of the LDI allocation is to hedge 100% of the interest rate risk and inflation risk associated with the Scheme's funded liabilities. To achieve this, the assets invested in these LDI funds may vary from the benchmark allocation over time.

Global equities are included in the strategic asset allocation to provide an expected return above that of gilts. The allocation to buy and maintain credit is designed to provide growth assets which also provide some interest rate hedging of the Scheme's liabilities. Due to the nature of the buy and maintain portfolio, it is also designed to reduce the volatility of the Scheme's funding level.

3.4. Performance benchmarks of investments

The Trustee expects that the returns for the LGIM funds will be similar to (within tolerance levels) the appropriate market index. The benchmark for each of the Funds being used is detailed below.

Fund	Benchmark Index
LGIM Future World Global Equity Index Fund – GBP Hedged	Solactive L&G ESG Global Markets Index – GBP Hedged
LGIM Matching Core Fixed and Real Funds	Custom Benchmark
LGIM Buy and Maintain Credit Fund	None provided by LGIM, so iBoxx All Stock Sterling Non-Gilt Index used as a comparator

3.5. Fees

LGIM levies the following annual management charges based on assets under management.

Fund	Fee (p.a.)
LGIM Future World Global Equity Index Fund – GBP Hedged	0.25% on first £5m; plus 0.225% on next £10m
LGIM Matching Core Fund range	0.24%
LGIM Buy and Maintain Credit Fund	0.15%

3.6. Rebalancing

Where possible, cash outflows will be met from the income of the Scheme's investments in order to minimise transaction costs. Where the investment income is insufficient to meet these requirements, monies will be raised through the sale of assets in such as a way as to move the portfolio closer to the strategic asset allocation, subject to consideration of liquidity issues, transaction costs, market conditions and the speed with which monies are required.

Similarly, where cash inflows are received, monies will be invested in such a way as to move the portfolio closer to the strategic asset allocation, unless market conditions suggest otherwise.

In each instance, the Trustee may seek advice from Isio with regard to the investment or disinvestment of these monies.

3.7. Leverage and Collateral Management

The Trustee will adhere to all relevant regulatory guidance and requirements in relation to leverage and collateral management within the Scheme's LDI portfolio.

The Trustee has a stated collateral management policy, with an agreed process for meeting collateral calls should these be made by the Scheme's LDI investment manager.

At the time of writing, the Trustee is targeting a level of collateral over and above that within the Scheme's LDI funds that is sufficient to withstand a minimum yield rise to exhaustion of 300 bps that can be realised within 5 days.

The Trustee will review their collateral management policy no less frequently than annually, or as soon as possible in the event of significant market movements.

The Trustee also has a framework for topping up the collateral.

Trigger	Action	Responsibility
Pooled LDI fund issues capital call	Assets sold from below collateral waterfall to meet capital call	LDI manager
When yield headroom coverage of the collateral waterfall falls below 300 bps	The ongoing viability of the target hedge levels would be reviewed	Trustee responsible for monitoring trigger and implementation, with support from Investment Advisor

The latest collateral waterfall is set out below. All assets below are held with the same manager as the LDI mandate, reflecting the lower governance burden on the Trustee.

<table>
<tr><th>Manager</th><th>Asset Class</th><th>Dealing frequency</th><th>Notice period</th><th>Settlement period</th></tr>
<tr><td>LDI manager</td><td>Cash</td><td>Weekly</td><td colspan="2" rowspan="3">Accessed automatically by LDI manager</td></tr>
<tr><td></td><td>Global Equities</td><td>Weekly</td></tr>
<tr><td></td><td>Buy & Maintain Credit</td><td>Weekly</td></tr>
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4. Risks

In determining its investment policy, the Trustee has considered the following risks:

- *the risk of failing to meet the investment objectives* – the Trustee will regularly take advice and monitor the investments to mitigate this risk;
- *funding and asset and liability mismatch risk* – the Trustee addresses this through the asset allocation strategy and through regular actuarial and investment reviews;
- *underperformance risk* – this is mitigated to some extent through investment in mostly passive funds, monitoring performance and taking necessary action when this is not satisfactory;
- *risk of inadequate diversification or inappropriate investment* – the Trustee addresses this by investing in a diversified portfolio of assets thereby avoiding concentration of assets in one particular stock, sector or asset class;
- *organisational risk* – this is addressed through regular monitoring of the investment managers;
- *sponsor risk* – the Trustee seeks to maximise overall investment returns subject to an acceptable level of risk and, as far as possible, are mindful of the impact of any volatility on the rate of contribution;
- *liquidity risk* – the Trustee may need to pay pension and lump sum benefits in the short-term and, therefore, address this risk by investing an appropriate amount in assets that are realisable at relatively short notice. In practice, all of the funds invested in by the Scheme provide at least weekly liquidity;

- *currency risk* – there is a risk of investing in non-sterling denominated assets through the global equity fund. This risk is mitigated through investing in a sterling hedged version of the global equity fund;
- *credit and market risks* – the Trustee accepts a degree of each of these risks in the expectation of being rewarded by excess returns;
- *environmental, social and governance (ESG) factors* – the Trustee acknowledges that ESG factors can have a financially material impact on the future returns on its investments and the Trustee's actions to mitigate these is detailed in the following section; and
- *non-financial risks* – the Trustee has not taken these into account when deciding the choice of the Scheme's investments.

The Trustee will monitor these risks from time-to-time, particularly those deemed to have high likelihood or significant adverse impact and will look to introduce further control measures as appropriate to contain the overall level and distribution of risks to within acceptable limits.

5. ESG policies and voting rights.

The Trustee has considered the financial materiality of ESG issues, including climate change, in relation to the selection, retention and realisation of the Scheme's investments.

When setting investment strategy and selecting investments, the Trustee's first priority is the financial interests of their members. The Trustee regularly reviews the return objectives, risk characteristics, investment approach and investment guidelines of each of the Scheme's current investments. The Trustee is satisfied that all existing fund investment fulfil the needs of their target investment strategy and by extension, that LGIM is managing the Scheme's assets in a manner which is consistent with members' financial interests.

The Trustee acknowledges that certain ESG factors are financially material and may therefore influence the risk and return characteristics of the Scheme's investments and the likelihood that the Scheme's objectives will be achieved. To confirm, no consideration has been given to non-financial considerations, nor has the Scheme's membership been consulted on such issues.

As part of the selection, retention and realisation of the Scheme's investments, the Trustee, in consultation with Isio, has reviewed LGIM's ESG and stewardship policies and is comfortable that these policies are consistent with their views. In particular, the Trustee notes the following:

- LGIM has clear views on ESG factors and stewardship, which are clearly articulated in formal policies on these issues.
- The nature of the Scheme's LDI assets dictates that ESG factors are less likely to be financially material. The Trustee however has confidence that LGIM has adequate governance practices in place to capture key regulatory developments that might influence the future management and/or performance of these assets.
- LGIM regularly publishes detailed results of how its stewardship policies are enacted in practice and the Trustee expects LGIM to provide regular updates on how they exercise those rights, including how often they vote against company proposals. The Trustee will review this on a regular basis in line with its monitoring policy mentioned above.

The Trustee recognises the importance of ESG factors on long-term investment performance and both immediate and future downside risks. The Trustee has set an appropriate monitoring framework to ensure the Scheme's investment managers are regularly reviewed. This is to promote greater transparency in understanding the reasons behind performance trends and key risk exposures, and also engagement activity and compliance with the Trustee's stated ESG policy. Regular monitoring, with specific reference to ESG factors should incentivise LGIM to assess and improve the medium to long-term performance of investee companies, both financial and non-financial.

The Trustee recognises the importance of regular monitoring of LGIM's performance, remuneration and compliance against the ESG policy to ensure that the Scheme's assets are being managed appropriately. The Trustee believe that regular monitoring ensures that key risks to longer term performance, including those relating to ESG factors, are quickly identified and concerns communicated with the relevant investment manager. In addition to performance measures, the Trustee will review LGIM's engagement activity to ensure that active engagement is taking place where possible to influence positive change in relation to ESG factors within investee companies. The Trustee will also monitor LGIM's voting activity to ensure votes are being used and are aligned to their views on ESG.

The Trustee's policy is to invest in pooled investment vehicles. LGIM is responsible for managing the Scheme's investments in accordance with the management agreements in place with the Trustee. The Trustee has delegated the responsibility for the exercise of all rights (including voting rights) attaching to the investments to LGIM.

The Trustee's policy in relation to any rights (including voting rights) attaching to its investments is to exercise those rights to protect the value of the Scheme's interests in the investments, having regard to appropriate advice. The Trustee expects LGIM to engage with investee companies (and other relevant persons including, but not limited to, investment managers, issuers/other holders of debt and equity and other stakeholders) on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, corporate governance, social and environmental issues concerning the Trustee's investments. The Trustee believes that such engagement will protect and enhance the long-term value of its investments.

The Trustee expects LGIM to provide regular updates on how it exercises voting rights and actively engages with the companies in which it invests, including how often it votes against company proposals. The Trustee will review this on a regular basis in line with its monitoring policy mentioned above.

If the Trustee believes that the Scheme's investment managers are no longer acting in accordance with the Trustee's policies, including those regarding ESG and engagement with investee organisations to assess and improve their medium to long-term financial and non-financial performance, the Trustee will take the following steps:

- engage with the investment manager in the first instance, in an attempt to influence its policies on ESG and stewardship; and
- if necessary, look to appoint a replacement investment manager or managers which are more closely aligned with the Trustee's policies and views.

The Trustee believes that this approach will incentivise the investment managers to align their actions with the Trustee's policies.

6. Governance

The Trustee is responsible for the investment of the Scheme's assets. The Trustee takes some decisions and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether the Trustee has the appropriate training and expert advice in order to take an informed decision. The Trustee has established the following decision-making structure:

Trustee • Select and monitor planned asset allocation strategy; • Select and monitor investment advisers and investment managers; • Select and monitor any direct investments; • Responsible for all aspects of the investments of the Scheme's assets, including ESG considerations and implementation.
Investment Adviser • Advises on this statement; • Advises the Trustee on areas of strategy, manager selection, ESG and implementation as required; • Provides required training when engaged on a separate basis by the Trustee.
Investment Managers • Operate within the terms of this statement and their written contracts; • Manages in accordance with their written contracts, including decisions around the selection and retention of individual investments. • Is responsible for the stewardship of underlying investments.

The Trustee's policy is to review its direct investments and to obtain written advice about them at regular intervals. When deciding whether or not to make any new direct investments, the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the investment managers.

The written advice will consider the suitability of the investments, the need for diversification and the principles contained in this statement. Isio was appointed to provide investment advisory services including the provision of this advice.

The Trustee recognises that, as the Scheme is invested in a range of pooled funds, there is limited scope to influence the controls and restrictions used in the management of the underlying assets and acknowledge that derivatives may be used by the manager within the funds.

The Trustee has delegated all day-to-day decisions about the investments that fall within the mandate to the investment managers through written contracts. These duties include:

- Realisation of investments;
- Taking into account ESG factors; and
- Voting and corporate governance in relation to the Scheme's assets.

The Trustee expects the investment managers to manage the assets delegated to them under the terms of their contract and to give effect to the principles in this statement so far as is reasonably practicable.

7. Compliance

The Scheme's Statement of Investment Principles and annual report and accounts are available to members on request.

A copy of the Scheme's current Statement is also supplied to the Sponsoring Employer, the Scheme's investment managers, the Scheme's auditors and the Scheme Actuary.