The Broadbent (1983) Pension Plan

Statement of Investment Principles – August 2025

Introduction

The Trustee of the Broadbent (1983) Pension Plan ("the Plan") has drawn up this Statement of Investment Principles (the "Statement") to comply with the requirements of the Pensions Act 1995, the Pensions Act 2004, the Occupational Pension Schemes (Investment) Regulations 2005, and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2018 and 2019. The Statement is intended to affirm the investment principles that govern decisions about the Plan's investments. In preparing this Statement the Trustee has consulted Thomas Broadbent & Sons Ltd ("the Employer") on the Trustee's investment principles.

Governance

The Trustee makes all major strategic decisions including, but not limited to, the Plan's asset allocation and the appointment and termination of investment managers. The process for making investment decisions is as follows:

- Identify appropriate investment objectives;
- Agree the level of risk consistent with meeting the objectives; and
- Implement an investment strategy and investment manager structure in line with the level of risk and objectives agreed.

When making such decisions, and when appropriate, the Trustee takes proper advice. The Trustee's investment consultants are qualified by their ability in and practical experience of financial matters, and have the appropriate knowledge and experience to provide such advice.

Investment Objectives

The Trustee is required to invest the Plan's assets in the best interest of members, and its main objectives with regard to investment policy are:

- To achieve, over the long term, a return on the Plan's assets which is sufficient, in conjunction with the Plan's existing assets and employer contributions, to pay all members' benefits in full. In practice this means seeking to achieve full funding against a conservative "low dependency" measure of the Plan's liabilities by the time the Plan is "significantly mature" i.e. by the time that almost all members have retired. 'Low dependency' status would be when the Plan is no longer heavily dependent on the Employer's support to pay benefits.
- To maintain a reasonable level of investment risk, which is supported by the Plan's time horizon and Employer covenant (which is the Employer's legal obligation and financial ability to support the Plan now and in the future);
- To ensure that sufficiently liquid assets are available to meet benefit payments as they fall due; and
- To consider the interests of the Employer in relation to the size and volatility of the Employer's contribution requirements.

The Trustee understands, following discussions with the Employer, that the Employer is willing to accept a degree of volatility in the Employer's contribution requirements in order to reduce the long-term cost of providing the Plan's benefits.

Risk Management and Measurement

The Trustee is aware of and pays close attention to a range of risks inherent in investing the assets of the Plan. The Trustee believes that the investment strategy provides for adequate diversification both within and across different asset classes. The Trustee further believes that the current investment strategy is appropriate given the Plan's liability profile and the strength of the Employer's covenant. The Trustee's policy on risk management is as follows:

- The primary investment risk faced by the Plan arises as a result of a mismatch between the Plan's assets and its liabilities. This is therefore the Trustee's principal focus in setting investment strategy, taking into account the nature and duration of the Plan's liabilities.

- The Trustee recognises 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 liabilities as well as producing more short-term volatility in the Plan's funding position. The Trustee has taken advice on the matter and (in light of the objectives noted previously) considered the implications of adopting different levels of risk.

- The Trustee recognises the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustee aims to ensure the asset allocation strategy in place results in an adequately diversified portfolio. Due to the size of the Plan's assets and recognising the need to diversify, investment exposure is obtained via pooled vehicles.

- The documents governing the managers' appointment include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the Plan.

- The Trustee recognises that, where appropriate, the use of active management involves a risk that the assets do not achieve the expected return. However, it believes this risk is outweighed by the potential gains from successful active management, in particular in regions or asset classes where this potential is greater than others. Therefore, the Plan's assets are managed through a mixture of active and passive management which may be adjusted from time to time.

- The safe custody of the Plan's assets is delegated to professional custodians via the use of pooled vehicles.

- The Trustee has invested in leveraged investments to achieve their desired investment objectives, including a portfolio of Liability Driven Investment funds. Collateral management is crucial in respect of any leveraged investments, and to this end the Trustee has invested in a cash-equivalent Sterling Liquidity Fund as their main collateral pool of assets for cash calls (i.e. the first collateral tranche), with the second collateral tranche being the BNY Mellon Real Return Fund. Cash distributions are made to the Sterling Liquidity Fund. The Trustee has put an 'automatic' collateral waterfall in place with their Investment Platform Provider, in order to help ensure that collateral calls are not missed if there is a rapid rise in gilt yields which exhausts the Plan's main collateral pool. This is in line with Regulatory best practice.

In the investment advice provided to the Trustee, the investment advisor has not taken account of climate related risks separately from the other risks that exist and affect the Plan.

Should there be a material change in the Plan's circumstances, the Trustee will review whether the current risk profile remains appropriate.

Investment Strategy

The Trustee uses an investment platform for all of the investment strategy from Legal & General Investment Management ("LGIM"). The Trustee believes that the investment risk arising from the investment strategy is consistent with the overall level of risk being targeted. The table below shows the strategic allocation of the investment strategy.

Platform, Manager and Fund	Asset Class / Description	Asset Allocation (%)
LGIM MSCI ACWI Thermal Coal Exclusions Adaptive Capped ESG Index Fund	Global Equities	10.0%
LGIM MSCI ACWI Thermal Coal Exclusions Adaptive Capped ESG Index Fund – GBP Hedged	Global Equities	10.0%
LGIM Future World Global Equity Index Fund	Global Equities	10.0%
LGIM Future World Global Equity Index - GBP Hedged	Global Equities	10.0%
BNY Mellon Real Return Fund	Diversified Growth Fund	16.5%
Growth Assets:		**56.5%**
LGIM Matching Core LDI Funds*	Liability Driven Investments	29.8%
LGIM Maturing Buy & Maintain Credit Fund*	Buy and Maintain Credit	9.0%
LGIM Sterling Liquidity Fund	Cash	4.7%
Matching Assets:		**43.5%**
Total:		**100%**
Target Interest Hedge Ratio (as % of funded liabilities)		**108%**
Target Inflation Hedge Ratio (as % of funded liabilities)		**108%**

***The composition of the matching asset portfolio (comprised of Liability Driven Investments ("LDI") and Buy and Maintain Credit) will be adjusted from time to time based on funding level, duration, and market prices to target a 100% hedge of assets/funded low dependency liabilities and therefore may vary from the table above. The nature of the Buy and Maintain Credit Fund, which pay distributions to the bank account to help meet member benefits, will cause the asset allocation to reduce over time.**

The LGIM Buy & Maintain Credit Fund will aim to provide the Plan with cashflows to cover benefit payments, Maturing Buy & Maintain Credit Fund release cash that can be used to help pay member benefit payments and avoid the need for frequent disinvestments.

The LGIM Sterling Liquidity Fund will reduce the Plan's risk and act as the Plan's primary collateral source in the event of a re-leveraging event on the LDI Funds, the secondary source will be the BNY Real Return Fund.

The Trustee will monitor the Plan's actual asset allocation regularly but are not looking to rebalance currently, in order to keep explicit investment and disinvestment costs down and to have flexibility in future asset allocation changes. Should they decide to take any action in future, this may involve redirecting cash flows or a switch of assets.

The Trustee will take into account advice from the investment consultant prior to making any decision on investments or disinvestments.

Expected Return

The Trustee expects to generate a return, over the long term, of circa 2.1% per annum, net of expenses, above the return from a portfolio of long dated UK Government bonds - which are considered to change in value in a similar way to the Plan's liability value, based on market conditions as at 31 December 2024. This return is a "best estimate" of future returns that has been arrived at given the asset allocation and in the light of advice from the investment consultant.

The Trustee recognises that over the short term performance may deviate significantly from this long term expectation. This "best estimate" will also generally be higher than the estimate used for the valuation of the Plan's Technical Provisions liabilities for funding purposes. For this purpose a more prudent estimate of returns will generally be used, as agreed by the Trustee on the basis of advice from the Plan Actuary.

Platform Provider

The Trustee has appointed Legal & General Investment Management Limited (the "Platform Provider") to manage all of the assets of the Plan. The Platform Provider is regulated under the Financial Services and Markets Act 2000. All decisions about the day-to-day management of the assets have been delegated to the Platform Provider via a written agreement, including the realisation of investments.

Investment Mandates

The Trustee has selected LGIM and BNY Mellon (Formerly Newton) as the appointed Investment Managers ("the Investment Managers") to manage the assets of the Plan. The Investment Managers are themselves regulated under the Financial Services and Markets Act 2000.

The Trustee has a rolling contract with their Investment Managers.

The Trustee monitors the performance of their investment managers on a quarterly basis using information provided by its advisors and/or Platform Provider.

The Trustee has set performance objectives, including time periods, consistent with the investment strategy set out in this statement.

Investment Manager Remuneration

The Trustee monitors the remuneration, including incentives, that is paid to their investment managers and how they reward their key staff who manage client funds, along with how the pay and incentives motivate employees who manage client funds.

As part of the monitoring that the Trustee carries out on a regular basis, it looks to ensure that this policy is in line with its investment strategy.

Investment Manager Philosophy and Engagement

The Trustee monitors the investment managers' process for assessing the businesses they invest in, and whether business performance over the medium to long-term involves a holistic look beyond purely accountancy measures. The Trustee considers if the investment managers are incentivised to make decisions on a short-term basis or on a medium to long-term basis and whether this coincides with the business assessments. The Trustee is conscious of whether the investment managers are incentivised by the agreement with the Trustee to engage with the investee business and to what extent any engagement focuses on improving medium to long-term performance.

Investment Manager Portfolio Costs

The Trustee will monitor costs of buying, selling, lending and borrowing investments and it will look to monitor the costs breakdown annually, as long as the investment managers provide these costs using the Cost Transparency Initiative template. It will also ensure that, where appropriate, its investment managers monitor the frequency of transactions and portfolio turnover. If there are any targets then it will monitor compliance with these targets.

Financially material considerations over the Plan's time horizon

The Trustee believes that its main duty, reflected in its investment objectives, is to protect the financial interests of the Plan's members. The Trustee believes that ESG considerations (including but not limited to climate change) and stewardship in the selection, retention and realisation of their investments is an integral part of this duty and can contribute to the generation of good investment returns. Legislation requires that the Trustee forms a view of the length of time that it considers is needed for the funding of future benefits by the investments of the Plan. The Trustee recognises that this is a DB scheme closed to new entrants. Accordingly, the Trustee has formed the view that the appropriate time horizon of this Plan is expected to be over 10 years, which gives plenty of scope for ESG considerations to be financially material.

The Trustee has elected to invest in pooled funds and cannot, therefore, directly influence the ESG policies, including the day-to-day application of voting rights, of the funds in which it invests. However, the Trustee will consider these policies in all future selections and will seek to deepen its understanding of its existing managers' policies by reviewing these at least annually. In cases where it is dissatisfied with a manager's approach it will take this into account when reviewing them. It is also keen that all its managers are signatories of the UN Principles of Responsible Investment, which is currently the case.

The Trustee believes that stewardship is important, through the exercising of rights (including voting rights) attaching to investments. The Trustee is keen that its managers can explain when, and by what practical methods, the managers monitor and engage with relevant persons about relevant matters in this area. It will be liaising with its managers (including their passive managers) to obtain details of the voting behaviour (including the most significant votes cast on the Trustee's behalf). The Trustee is also keen that its managers and its investment consultant are signatories of the UK Stewardship Code. This is currently the case.

The Trustee is aware that ESG and stewardship considerations involve an ongoing process of education for itself and engagement with its investment managers. To that end it dedicates time regularly to the discussion of this topic and intend to review and renew its approach periodically with the help of their investment consultants, where required. Consequently, the Trustee expects the Plan's Investment Managers to have effective ESG policies (including the application of voting rights) in place and look to discuss the investment manager's ESG policies with them when the managers attend Trustee meetings.

The Trustees will monitor the voting being carried out by its investment managers and custodians on its behalf. It will do this by receiving reports from its investment managers which should include details of any significant votes cast and proxy services that have been used. Non-financial matters, including members' views are currently not taken into account.

Employer-Related Investments

The Trustee’s policy is not to hold any direct employer-related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005.

Fee Structures

The Platform Provider is paid a management fee on the basis of assets under management which includes the underlying investment manager’s management fees. The investment consultant may also be paid on a project basis, which may be a fixed fee or based on time cost for additional services as negotiated by the Trustee in the interests of obtaining best value for the Plan. The Trustee can also request that Capita undertakes ‘out-of-scope’ projects, which may be undertaken on a fixed fee or time-cost basis - as negotiated between the Trustee and Capita.

Review of this Statement

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

Adopted by the Trustee of The Broadbent (1983) Pension Plan on 22 August 2025 after completion of consultation with the sponsoring employer