

Hayter Retirement Benefits Plan

Statement of Investment Principles

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1. Introduction

- 1.1. This is the Statement of Investment Principles (the Statement) prepared by the Trustee of the Hayter Retirement Benefits Plan (the Plan). This Statement sets down the principles which govern the decisions about investments that enable the Plan to meet the Statement of Investment Principles requirements of:
- the Pensions Act 1995, as amended by the Pensions Act 2004;
 - the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010;
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018; and
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. In preparing this statement the Trustee has consulted Toro U.K. Limited, the Employer, and obtained advice from Barnett Waddingham LLP, the Trustee's investment consultants. Barnett Waddingham LLP is authorised and regulated by the Financial Conduct Authority (FCA).
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and legislation.
- 1.4. The Trustee will review this Statement at least every three years or if there is a significant change in any of the areas covered by the Statement.
- 1.5. The Trustee's investment powers are set out in Clause 5.4 of the Definitive Trust Deed & Rules, dated 15 June 1998. This Statement is consistent with those powers.

2. Choosing investments

- 2.1. The Trustee's policy is to set the overall investment target and then monitor the performance of its managers against that target. In doing so, the Trustee considers the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.
- 2.2. The day-to-day management of the Plan's assets is delegated to the investment managers. The Plan's investment managers are detailed in the Appendix to this Statement. The investment managers are responsible for stock selection and the exercise of voting rights. They are authorised and regulated by UK authorities as detailed in the Appendix.
- 2.3. The Trustee reviews the appropriateness of the Plan's investment strategy on a periodic basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustee will also consult the Employer before amending the investment strategy.

3. Investment objectives

- 3.1. The Trustee has discussed key investment objectives in light of an analysis of the Plan's liability profile as well as the constraints the Trustee faces in achieving these objectives. As a result, the Trustee's main investment objectives are:
- to ensure that the Plan can meet the members' entitlements under the Trust Deed and Rules as they fall due;

- to manage the expected volatility of the returns achieved in order to control the level of volatility in the Plan's required contribution levels; and
- to control the long-term costs of the Plan by seeking a positive real return on the assets while having regard to the above objectives.

3.2. The Trustee is aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Plan's liabilities. The Trustee has obtained exposure to investments that it expects will meet the Plan's objectives.

4. Kinds of investments to be held

4.1. The Plan is permitted to invest in a wide range of assets including:

- Equities;
- Bonds;
- Cash;
- Property;
- Multi-asset funds;
- Alternatives, including (but not limited to) private equity, commodities, hedge funds, infrastructure, currency, high yield debt and derivatives; and
- Annuity policies.

4.2. The Trustee expects the primary role of any investment made in derivative instruments to be either to generate a reduction in the overall level of risks in the portfolio or to assist in efficient portfolio management.

4.3. The Trustee monitors from time-to-time the Employer-related investment content of its portfolio as a whole and will take steps should this be more than 5% of the portfolio. Typically, the Trustee would expect this check to be carried out annually by the Plan's auditors.

5. The balance between different kinds of investments

5.1. The Plan invests in assets that are expected to achieve the Plan's objectives. The allocation between different asset classes is contained within the Addendum to this Statement.

5.2. The Trustee considers the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in the Appendix to this Statement.

5.3. From time-to-time the Plan may hold additional cash and deviate from its strategic or tactical asset allocation in order to, for example, accommodate any short-term cashflow requirements or any other unexpected items.

The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and therefore the Plan's asset allocation will be expected to change as the Plan's liability profile matures.

6. Risks

- 6.1. The Trustee has considered the following risks to the Plan with regard to its investment policy and the Plan's liabilities and has considered ways of managing/monitoring these risks.

Risk versus the liabilities	The Trustee will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation.
Covenant risk	The creditworthiness of the Employer and the size of the pension liability relative to the Employer's earnings are monitored from time-to-time as deemed necessary. The appropriate level of investment risk is considered with reference to the strength of the Employer covenant.
Solvency and mismatching	This risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustee is aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Plan's funding basis.
Asset allocation risk	The asset allocation is detailed in the Addendum to this Statement and is monitored on a regular basis by the Trustee.
Investment manager risk	The Trustee monitors the performance of each of the Plan's investment managers on a regular basis in addition to having meetings with each manager from time-to-time as necessary. The Plan invests in the funds detailed in the Appendix to this Statement via the Legal & General Investment Management Investment Only Platform. The use of an investment platform enables the Plan to access to a wide range of funds and managers by appointing a single administrative / legal vehicle.
Governance risk	Each investment manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustee monitors this and, where appropriate, will report on the managers' practices in its annual Implementation Statement.
ESG/Climate risk	The Trustee has considered long-term financial risks to the Plan and believes that environmental, social and governance (ESG) factors, as well as climate risk, are potentially financially material. The Trustee will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Plan's investments.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities (where appropriate).
Liquidity risk	The Plan invests in assets such that there is expected to be a sufficient allocation to liquid investments which can be converted into cash at short notice given the Plan's cashflow requirements. The Plan's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.
Currency risk	The Plan's liabilities are denominated in sterling. The Plan may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management. Currency hedging may be employed to manage the impact of exchange rate fluctuations.

Loss of investment

The risk of loss of investment by each investment manager is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

7. Expected return on investments

- 7.1. The Trustee has regard to the relative investment return and risk that each asset class in which it invests is expected to provide. The Trustee is advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.
- 7.2. The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.
- 7.3. In considering the expected return from investments, the Trustee recognises that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.
- 7.4. Having established the investment strategy, the Trustee monitors the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions and the Plan's funding position. The Trustee meets the Plan's investment managers as frequently as is appropriate in order to review performance.

8. Realisation of investments

- 8.1. The Trustee has delegated the responsibility for buying and selling investments to the investment managers. The Trustee has considered the risk of liquidity as referred to above.
- 8.2. Ultimately, the investments will all have to be sold when the Plan's life comes to an end. In this situation, the Trustee is aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Plan accounts.

9. Policies on ESG considerations, stewardship and non-financial matters

Policy on ESG considerations

- 9.1. The Trustee has considered long-term financial risks of the Plan and believes that ESG factors, including climate risk, are potentially financially material and therefore has a policy to consider these, alongside other factors, when selecting or reviewing the Plan's investments.
- 9.2. Given the maturity profile of the Plan and the objective to fund future member benefits from the Plan's assets as they fall due, the Trustee has a long-term time horizon over which it takes into account the financial materiality of ESG factors (including climate change).
- 9.3. From time to time, the Trustee may ask the Plan's investment managers to attend meetings and provide updates on their funds, which the Trustee may request to include an update on ESG considerations.
- 9.4. The Trustee will be reliant on the information presented by the investment managers regarding the extent to which an investment manager allows for ESG in making their investment decisions. Furthermore, an

investment manager's excellence in this area will not take precedence over other financially material factors, including (but not limited to) fees.

- 9.5. As the investments are held in pooled funds, ESG considerations are set by each of the investment managers. The Trustee will assess how this aligns with its own policies in the annual Implementation Statement.
- 9.6. The expectation is that the Plan's investment managers will ultimately act in the best interests of the Plan's assets to seek to achieve the stated investment objective of the relevant fund. All of the Plan's current investment managers are signatories to the UN Principles for Responsible Investment.
- 9.7. The Trustee has not imposed any restrictions relating to ESG issues on their investment managers and has not imposed any exclusions on their investment arrangements based on ESG factors.

Policy on stewardship

- 9.8. The Trustee believes that good stewardship and positive engagement can lead to improved governance and potentially better risk-adjusted investor returns.
- 9.9. As an investor in pooled funds, the Trustee delegates the exercise of the rights (including voting rights) attaching to the Plan's investments to the investment managers, who are signatories to the UK Stewardship Code. The Trustee expects the investment managers to take account of ESG factors and climate risk when exercising these rights and will monitor this through the annual Implementation Statement.
- 9.10. The Trustee also delegates the undertaking of engagement activities to the investment managers, which includes entering into discussions with a company in an attempt to influence behaviour. As part of this, the Trustee expects its active investment managers to assess and monitor developments in the capital structure for each of the companies in which the manager invests. This should include monitoring developments in ESG-related issues, and in particular climate risk, across the relevant parts of the capital structure.
- 9.11. In selecting and reviewing their investment managers, where appropriate, the Trustee may consider the investment managers' policies on engagement and how those policies have been implemented. If the Trustee finds that any investment manager is not engaging with the companies in which the manager invests in a suitable manner or is not taking sufficient account of ESG matters in its exercising of voting rights, it may engage with the investment manager with the help of the Plan's investment consultant.
- 9.12. The Plan's investment consultant, Barnett Waddingham, is independent and no arm of its business provides investment management services. This, and its FCA regulated status, makes the Trustee confident that the investment manager recommendations it makes are free from conflict of interest.
- 9.13. The Trustee expects all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so, the Trustee believes it has appropriately managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustee/investment manager and the companies in which the manager invests.

Policy for taking into account non-financial matters

- 9.14. When constructing the investment strategy and selecting investment managers the Trustee does not prioritise non-financial matters.

10. Agreement

- 10.1. This Statement was agreed by the Trustee and replaces any previous versions. A copy of this Statement will be made available on a publicly accessible website.

Agreed at Trustee meeting on 26 June 2025

On behalf of Hayters Retirement Benefits Plan Trustee Limited as Trustee of the Hayter Retirement Benefits Plan