

LGH Group PLC Pension Scheme

Statement of Investment Principles

August 2026

Preface

Scheme background

This Statement of Investment Principles (the 'SIP') details the principles governing investment decisions for the LGH Group PLC Pension Scheme (the 'Scheme').

The Scheme operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries, and provides benefits calculated on a defined benefit (DB) basis. The Scheme is closed to new entrants and to future accrual.

Regulatory requirements and considerations

Under the Pensions Act 1995 (the 'Act') and subsequent legislation, principally the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) (the 'Investment Regulations'), the Trustee must secure that a written statement of the principles governing investment decisions is prepared and maintained for the Scheme.

This SIP also reflects the requirements and recommendations within The Pensions Regulator's general code of practice, in respect of the DB assets and any additional voluntary contribution (AVC) arrangements.

The Trustee is responsible for all aspects of the operation of the Scheme including this SIP.

In agreeing its investment strategy, the Trustee has had regard to:

- The requirements of the Act concerning suitability and diversification of investments and the Trustee will consider those requirements on any review of this SIP or any change in the investment policy.
- The requirement of the Investment Regulations: in particular that assets held to cover the Scheme's technical provisions must also be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme.

Responsibilities and appointments

Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Scheme. The Trustee draws on the expertise of external persons and organisations including the investment consultant, investment managers and the Scheme Actuary. Full details are set out in this SIP.

Consultation

In accordance with the Act, the Trustee has obtained and considered written advice from Gallagher (Administration & Investment) Limited (the investment consultant) prior to the preparation (or revision) of this SIP and has consulted

Rotrex Group Limited ('the Sponsoring Employer'). However, it should be noted that neither the Trustee (nor any investment manager to whom it has delegated any discretion to make decisions about investments) shall require the consent of the Sponsoring Employer to exercise any investment power.

History and review

The Trustee will review this SIP at least every three years and without delay after each significant change in investment policy, taking note of any changes in the Scheme's liabilities. Once agreed, and after consultation with the Sponsoring Employer, a copy of this SIP will be given to the Scheme Actuary and will be made available to Scheme members on request. This SIP is also made publicly available free of charge on a website.

Previous versions of this SIP are dated:

SIP dated 2023

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Statement of Investment Principles

Investment governance structure

All investment decisions are taken by the Trustee Board as a whole. The Trustee believes that collective responsibility is the appropriate structure, given the size of the board, except for specific projects when an investment sub-committee may be set up. The Trustee will undertake training where appropriate to ensure the Trustee Directors have the necessary expertise to take the decisions required and to evaluate critically the advice received.

All investment decisions relating to the Scheme are under the control of the Trustee Board without constraint by the Sponsoring Employer. The Trustee will consult with the Sponsoring Employer when changing this SIP.

All day-to-day investment decisions are delegated to properly qualified and authorised investment managers of pension scheme portfolios. Investment management agreements and/or an insurance contract have been exchanged with the investment managers, and are reviewed from time-to-time to ensure that the manner in which they make investments on behalf of the Trustee Board is suitable for the Scheme, and appropriately diversified.

The Trustee takes proper written advice before investing in any manner.

Investment beliefs

The Trustee has agreed a set of investment beliefs used as a framework when making decisions and agreeing investment strategy. This includes environmental, social and governance (ESG) issues. The investment beliefs are reviewed at least every three years or more frequently as decided by the Trustee.

The Trustee's investment beliefs are:

- Some risk is necessary to achieve the returns necessary;
- Unrewarded risks should be generally avoided, hedged or diversified;
- Well governed companies that manage their businesses in a responsible way will produce higher returns over the long-term;
- Climate change could be a long-term risk for the Scheme and may have an impact upon the chosen investment strategy;
- Responsible investment and engagement over the long-term reduces risk and may have a positive impact upon returns.

Investment strategy and objectives

The Scheme's investment strategy has been agreed by the Trustee having taken advice from the investment consultant in relation to the suitability of investments and the need to diversify and takes due account of the Scheme's liability profile along with the level of disclosed surplus or deficit.

The agreed investment strategy is based on an analysis of the Scheme's liability profile, the required investment return and the returns expected from the various asset classes over the long-term. Long-term returns from equities are expected to exceed the returns from bonds and cash, although returns and capital values may demonstrate higher volatility. The Trustee is prepared to accept this higher volatility in order to aim to achieve the overall investment objectives.

The Trustee's primary Scheme objectives are:

- To ensure that the Scheme's obligations to the members and beneficiaries can be met
- To provide benefits in full as they fall due
- To reduce the dependency of the Scheme to investment returns over the long-term
- To pay due regard to the Sponsoring Employer's requirements in relation to its plans for managed growth and the size and timing of the contribution payments it is able and willing to pay.

The Trustee's primary investment objectives are:

- The Trustee wishes to achieve, and then maintain, a funding level of at least 100% on an ongoing basis through the adoption of a prudent funding and investment strategy, which takes into account the strength of the covenant of the sponsoring employer
- As the funding position of the Scheme improves, the Trustee aims to gradually reduce the level of investment risk taken so that over the longer term there is minimal investment risk and the funding position remains stable.

The Trustee has translated its objectives into a suitable strategic asset allocation benchmark for the Scheme, details of which are included in a separate Summary of Investment Arrangements document ("SoIA").

In accordance with the Financial Services & Markets Act 2000, the Trustee is responsible for setting the general investment policy, but the responsibility for all day-to-day investment management decisions has been delegated to investment managers authorised under the Act. Details are included in the SoIA.

The Trustee is responsible for reviewing both the Scheme's asset allocation and investment strategy as part of each actuarial valuation in consultation with the Scheme's investment consultant. The Trustee may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where necessary.

The Trustee considers the Scheme's current strategic asset allocation to be consistent with the current financial position of the Scheme.

The Trustee's policy in relation to the kinds of investments to be held

The Trustee has full regard to its investment powers as set out in the Trust Deed and Rules dated July 1975.

The Scheme may invest in quoted and unquoted securities of UK and overseas markets including:

- Equities.
- Fixed interest and index-linked bonds.
- Cash.
- Property.
- Private equity.
- Hedge funds and pooled investment vehicles considered appropriate for tax-exempt registered occupational pension schemes.

The Trustee has considered the attributes of the various asset classes (including derivative instruments), these attributes being:

- Security (or quality) of the investment.
- Yield (expected long-term return).
- Spread (or volatility) of returns.
- Term (or duration) of the investment.
- Exchange rate risk.
- Marketability/liquidity (i.e. the tradability on regulated markets).
- Taxation.

The Trustee considers all of the stated classes of investment to be suitable to the circumstances of the Scheme. The Scheme invests in pooled funds, other collective investment vehicles and cash. The Trustee has made the decision to invest the majority of assets in pooled funds because:

- The Scheme is not large enough to justify direct investment on a cost-effective basis.
- Pooled funds allow the Trustee to invest in a wider range of assets, which serves to reduce risk.

- Pooled funds provide a more liquid form of investment than certain types of direct investment.

The Trustee's policy in relation to the balance between different kinds of investments

The appointed investment managers will hold a diversified mix of investments in line with their agreed benchmark and within their discretion to diverge from the benchmark. Within each major market each manager will maintain a diversified portfolio of securities. Full details are set out in the SoIA.

The Trustee's policy in relation to the expected return on investments

When setting the investment strategy the Trustee's policy is to consider the long term rate of return expected from different asset classes and to ensure that the expected return from its investments as a whole is equal to, or higher than, that assumed in the Scheme Actuary's actuarial valuation report in order to maintain a fully funded status. The Trustee recognises that different asset classes have different risk and return profiles and only invests in assets where it expects to receive a return commensurate with the risk level taken, and which it believes to be appropriate within the requirements of the Scheme.

The Trustee's policy in relation to the realisation of investments

In the event of a need to realise all or part of the assets of the portfolio (whether expected or unexpected), the Trustee requires the investment managers to be able to realise the Scheme's investments in a reasonable timescale by reference to the market conditions existing at the time the disposal is required and subject to the best interests of the Scheme. The majority of the assets are not expected to take an undue time to liquidate.

The Trustee's policy in relation to financially material considerations and appropriate time horizon

The Trustee believes that the potential impact of any financially material considerations that may affect the Scheme's investments should be assessed over the period during which benefits are expected to be paid from the Scheme and/or the period over which particular investments are expected to be held. It considers this as part of investment strategy setting, investment manager selection and ongoing monitoring of the investment managers, taking advice on these matters from the investment consultant.

In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking to meet the Trustee's expected return on investments consistent with a prudent and appropriate level of risk. In evaluating this level of risk, the Trustee takes into account the risk that environmental, social and governance ('ESG') factors, including climate change, may negatively impact the value of investments held or the distributions received from these investments.

The Trustee expects the investment managers, where appropriate, to have taken account of financially material considerations, including ESG factors, as part of the investment analysis and decision-making process. The Trustee will consider the manager's approach to these matters prior to the manager's appointment and will, from time to time, review the managers' policies in respect of this topic, and the approach the managers take in practice.

As the Scheme invests primarily through pooled funds, the Trustee recognises that, to some extent, the approach being taken in this area is delegated to the investment managers; however, by considering the managers' approach prior to appointment, and on an ongoing basis thereafter, the Trustee believes it is able to ensure that it is broadly aligned to its own preferences, and believes that it will have the opportunity to raise any concerns over divergencies with a view to seeking alternative pooled funds to use should these concerns be sufficiently strong.

The Trustee's policy in relation to the extent to which non-financial matters are taken into account

The Trustee's objective is that the financial interests of the Scheme members is its first priority when choosing investments. The Trustee has decided not to take members' preferences into account when considering these objectives.

Risk capacity and risk appetite

The Trustee, after seeking appropriate investment advice, has selected a strategic asset allocation benchmark for the Scheme for each asset class (see the SoIA).

Subject to their respective benchmarks and guidelines (shown in the SoIA) the investment managers are given full discretion over the choice of stocks and are expected to maintain diversified portfolios.

The Trustee is satisfied that the investments selected are consistent with its investment objectives, particularly in relation to diversification, risk, expected return and liquidity.

The Trustee's policy in relation to risks

The Trustee considers the main risk to be that of the assets being insufficient to meet the Scheme's liabilities as they fall due. The Trustee has assessed the likelihood of undesirable financial outcomes arising in the future.

Investment policies are set with the aim of having sufficient and appropriate assets to cover the Scheme's Technical Provisions, and with the need to avoid undue contribution rate volatility.

In determining its investment strategy, the Trustee received advice from the investment consultant as to the likely future funding level for different strategies with differing levels of investment risk relative to the Scheme's liability profile, and as to

the investment risk they entail, relative to the Scheme's current level of investment risk. Taking this into account, the strategy outlined in the SoIA has been adopted.

The Trustee undertakes monitoring of the investment managers' performance against their targets and objectives on a regular basis.

Each fund in which the Trustee invests has a stated performance objective against which investment performance will be measured. These are shown in the SoIA. Within each asset class, the investment managers are expected to maintain a portfolio of securities (or funds), which ensures that the risk being accepted in each market is broadly diversified.

The divergence of the actual distribution of the investments from the benchmark weighting for each fund will be monitored by the Scheme's investment managers while the divergence from the overall benchmark will be monitored by the Trustee. Any deviation from the target asset allocations will be discussed periodically with the investment consultant.

Stewardship in relation to the Scheme's assets

The Trustee has a fiduciary duty to consider its approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustee can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through each investment manager.

The Trustee seeks to appoint managers that have strong stewardship policies and processes and is supportive of its investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

The Trustee's policy in relation to engagement and monitoring (including peer to peer engagement)

The Trustee's policy is to delegate responsibility for engaging and monitoring investee companies to each investment manager and the Trustee expects the investment manager to use their discretion to maximise financial returns for members and others over the long term.

The Trustee recognises that each investment manager's ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustee acknowledges that the concept of stewardship may be less applicable to some of its assets, particularly for short-term money market instruments, gilt and liability-driven investments.

The Trustee reviews each investment manager prior to appointment and monitors them on an ongoing basis through the regular review of the investment manager's voting and engagement policies and a review of each manager's voting and engagement behaviour.

The Trustee has not set out its own stewardship priorities but follows that of the investment managers.

The Trustee will engage with an investment manager should they consider that manager's voting and engagement policy to be inadequate or if the voting and engagement undertaken is not aligned with the investment manager's own policies, or if the investment manager's policies diverge significantly from the views of the Trustee.

If the Trustee finds any investment manager's policies or behaviour unacceptable, it may agree an alternative mandate with the manager or decide to review or replace the manager.

As all of the investments are held in pooled vehicles, the Trustee does not envisage being directly involved with peer-to-peer engagement in investee companies.

The Trustee's policy in relation to voting rights

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. Each investment manager is expected to provide regular reports for the Trustee detailing their voting activity.

Investment management monitoring

In addition to the stewardship activities described above, the Trustee will assess the performance, processes and cost effectiveness of the investment managers by means of regular, but not less than annual, reviews of the results and other information, in consultation with the investment consultant.

All investment decisions, and the overall performance of the investment managers, are monitored by the Trustee with the assistance of the investment consultant.

The investment managers will provide the Trustee with monthly statements of the assets held along with a quarterly performance report. The investment managers will also report orally on request to the Trustee.

The investment managers will inform the Trustee of any changes in the internal performance objective and guidelines of any pooled funds used by the Scheme as and when they occur.

The Trustee will assess the quality of the performance and processes of the investment managers periodically.

Appropriate written advice will be taken from the investment consultant before the review, appointment or removal of the investment managers.

The Trustee's policy in relation to its investment managers

In detailing below the policies on the investment manager arrangements, the overriding approach of the Trustee is to select investment managers that meet the primary objectives of the Trustee. As part of the selection process and the ongoing review of the investment managers, the Trustee consider how well each investment manager meets the Trustee's policies and provides value for money over a suitable timeframe.

- **How the arrangement incentivises the investment manager to align its investment strategy and decisions with the Trustee's policies**

The Trustee has delegated the day to day management of the majority of the Scheme's assets to investment managers. The majority of the Scheme's assets are invested in pooled funds which have their own policies and objectives and charge a fee, agreed with the investment manager, for their services. Such fees incentivise the investment managers to adhere to their stated policies and objectives.

- **How the arrangement incentivises the investment manager to engage and take into account financial and non-financial matters over the medium to long-term**

The Trustee, in conjunction with its investment consultant, appoints its investment managers and chooses the specific pooled fund to use in order to meet specific Scheme policies. It expects that its investment managers make decisions based on assessments about the financial and non-financial performance of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustee has decided not to take non-financial matters into account when considering its policy objectives.

- **How the method (and time horizon) of the evaluation of the investment manager's performance and the remuneration for asset management services are in line with the trustees' investment policies**

The Trustee expects its investment managers to invest the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. The Trustee reviews the investment managers periodically. These reviews incorporate benchmarking of performance and fees. Reviews of performance focus on longer-term performance (to the extent that is relevant), e.g. looking at five years of performance.

If the Trustee determines that the investment manager is no longer managing the assets in line with the Trustee policies it will make its concerns known to the investment manager and may ultimately disinvest.

The Trustee pays its investment managers a management fee.

Prior to agreeing a fee structure, the Trustee, in conjunction with its investment consultant, considers the appropriateness of this structure, both in terms of the fee level compared to that of other similar products and in terms of the degree to which it will incentivise the investment manager.

- **How the trustees monitor portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover or turnover range**

The Trustee expects turnover costs of the investment managers to be in line with its peers, taking into account the style adopted by the investment manager, the asset class invested in and prevailing market conditions.

The Trustee does not explicitly monitor turnover, set target turnover or turnover ranges. The Trustee believes that the investment managers should follow their stated approach with a focus on risk and net return, rather than on turnover. In addition, the individual mandates are unique and bespoke in nature and there is the potential for markets to change significantly over a short period of time.

- **The duration of arrangements with investment managers**

The Trustee does not in general enter into fixed long-term agreements with its investment managers and instead retains the ability to change investment manager should the performance and processes of the investment manager deviate from the Trustee's policies. However, the Trustee expects its manager appointments to have a relatively long duration, subject to the manager adhering to its stated policies, and the continued positive assessment of its ability to meet its performance objective.

Employer-related investments

The Trustee will not make direct investments in the Sponsoring Employer's own securities. The Trustee has delegated the responsibility for the exercising of any voting rights attached to any Sponsoring Employer investment held to the investment managers.

Appointments and responsibilities

This section sets out the key appointments and responsibilities with respect to the investment aspects of the Scheme.

A full list of the Scheme's advisers is provided at the front of the Scheme's Annual Report and Financial Statements. However, at the time of writing this SIP:

- The investment consultant is Gallagher (Administration & Investment) Limited.
- The investment managers are detailed in the SoIA.
- For pooled funds, custodial duties are undertaken by the relevant investment manager and, therefore, are not detailed in this SIP.
- The Scheme Actuary is Nick Atkin.

Trustee

The Trustee's primary responsibilities include:

- The preparation of this SIP, reviewing its contents and modifying it if deemed appropriate, in consultation with the Sponsoring Employer and the investment consultant, at least every three years. The SIP will also be reviewed following a significant change to investment strategy and/or the investment managers.
- Appointing an investment consultant and investment managers as necessary for the good stewardship of the Scheme's assets.
- Setting objectives for the appointed investment consultant (and reviewing these at least every three years, and following any significant change to investment strategy) and reviewing the investment consultant's performance against these objectives at least annually.
- Reviewing the investment strategy as part of each triennial actuarial valuation, and/or asset liability modelling exercise, and/or significant changes to the Scheme's liabilities, taking advice from the investment consultant.
- Reviewing the stewardship / voting policies of the investment managers and undertaking the ongoing monitoring and engagement with their investment managers as appropriate.
- Assessing the processes and the performance of the investment managers by means of regular, but not less than annual, reviews of information obtained (including investment performance).
- Monitoring compliance of the investment arrangements with this SIP and with the relevant sections of the Act, the Investment Regulations and any regulatory guidance on a regular basis.
- Monitoring risk and the way in which the investment managers have cast votes on behalf of the Trustee in respect of the Scheme's equity holdings.

Investment consultant

The main responsibilities of the investment consultant include:

- Obtaining a copy of the Trustee's investment consultant objectives prior to undertaking work to ensure they understand the Trustee's requirements.
- Assisting the Trustee in the preparation and periodic review of this SIP in consultation with the Sponsoring Employer.
- Undertaking project work including the development and review of investment strategy, investment performance and manager structure as required by the Trustee.
- Advising the Trustee on the selection and review of the investment managers.
- Providing training or education on any investment related matter as and when the Trustee sees fit.
- Monitoring and advising upon where contributions should be invested or disinvested on a periodic basis.

Investment managers

The investment managers' main responsibilities include:

- Investing the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation.
- Ensuring that the investment of the assets within their portfolio is compliant with prevailing legislation.
- Providing the Trustee with quarterly reports and a review of the investment performance of their portfolio.
- Meetings with the Trustee as and when required.
- Informing the Trustee of any changes in the fee structure, internal performance objectives and guidelines of any pooled fund within their portfolio as and when they occur.
- Considering financially material risks affecting investments within their portfolio.
- Exercising voting rights on shareholdings within their portfolio in accordance with their general policy.

Scheme Actuary

The Scheme Actuary's main responsibilities in respect of investment policy include:

- Commenting on the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme.
- Performing the triennial (or more frequently as required) actuarial valuation and advising on the Scheme's funding level and therefore the appropriate level of contributions in order to aid the Trustee in balancing short-term and long-term investment objectives.

Compliance

The Scheme's SIP is available to members on request and is also made publicly available free of charge on a website.

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

This SIP, taken as a whole with the SoIA, supersedes all others and was approved by the Trustee.

Full name

Signature

Position

For and on behalf
of

Date