Edward Pryor & Son Limited Retirement Benefit Scheme No 8 (Pryor Pension Scheme) – March 2025

Statement of Investment Principles

1. Introduction

The Trustees of the Edward Pryor & Son Limited Retirement Benefit Scheme No 8 ("the Scheme") have drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of the Pensions Act 1995 ("the Act"), subsequent amendments and the Occupational Pension Scheme Investment Regulations 2005. The Trustees consult the Statement when making investment decisions to ensure that, where possible, the decisions made are consistent with the Statement.

As required under the Act, the Trustee has consulted a suitably qualified person in obtaining written advice from Mercer Limited ("Mercer") which is regulated by the Financial Conduct Authority ("FCA") in relation to investment services. In preparing this Statement the Trustees have consulted Edward Pryor & Son Limited ("the Sponsoring Company") to ascertain whether there are any material issues of which the Trustees should be aware in agreeing the Scheme's investment arrangements.

Overall investment policy falls into two parts. The strategic management of the assets is fundamentally the responsibility of the Trustees acting on expert advice and is driven by its investment objectives as set out in Section 3.

The remaining elements of policy are part of the day-to-day management of the assets that is delegated to professional investment managers and described in Section 5.

2. Process for Choosing Investments

The process for choosing investments is as follows:

- Identify appropriate investment objectives
- Agree the level of risk consistent with meeting the objectives set
- Construct a portfolio of investments that is expected to maximise the return (net of all costs) given the targeted level of risk

In considering the appropriate investments for the Scheme, the Trustees have adopted the principles outlined in this Statement and obtained and considered the written advice of Mercer whom the Trustees believe to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

3. Investment Objectives and Risk

3.1 Investment Objectives

The Trustees' main priority is to invest the Scheme's assets in the best interests of the members and beneficiaries and, in the case of a potential conflict of interest with the Sponsoring Company, in the sole interest of the members and beneficiaries. Within this framework the Trustees have agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which the Scheme is exposed. The Trustees' primary objectives are as follows:

- *To ensure that they can meet their obligations to the beneficiaries of the Scheme.*
- *To pay due regard to the Sponsoring Company's interest in the size and incidence of contribution payments to maintain the Company's support and to help mitigate any deficit that may arise.*

The Trustees' long-term policy is to secure the Scheme's liabilities with an insurance company.

3.2 Risk

There are various risks to which any pension scheme is exposed. The Trustees believe the risks set out below may be financially material to the Scheme, and has therefore adopted various policies in order to manage these risks over the Scheme's anticipated lifetime;

- **Mismatch risk –** The primary risk upon which the Trustees focus is that arising through a mismatch between the Scheme's assets and its liabilities, largely as a result of changes to long-term interest rates and inflation expectations. The Trustees aim to take these risks into account when setting in the investment strategy in order to minimise these risks where possible, whilst recognising the need to generate additional returns within the portfolio.
- **Drawdown risk –** The Trustees recognise that increasing expected returns over a long period, particularly through a material equity allocation, tends to increase the risk of a shortfall in returns relative to that required to cover the Scheme's liabilities, as well as producing more short-term volatility in the Scheme's funding position. The Trustees have taken advice on the matter and (in light of the objectives noted previously) considered carefully the implications of adopting different levels of risk and balancing risk with the level of expected returns required.
- **Sponsor Covenant risk –** the financial capacity and willingness of the Sponsoring Company to support the Scheme is a key consideration of the Trustees and is reviewed on a regular basis.
- **Diversification risk –** The Trustees recognise 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 Trustees aim to ensure the asset allocation policy in place results in an adequately diversified portfolio.
- **Credit risk –** a portion of the Scheme's assets are invested in corporate bonds. This exposes the Scheme to the risk that coupon and/or principal payments may not be made (i.e. there is risk of "default") within the portfolio. This risk is mitigated through diversification across issuers, sectors and regions, as well as thorough due diligence procedures that reduce the risk of default and / or losses in the event of default.
- **Currency risk –** The Trustees recognise that currency risk may also arise due to investment in overseas markets and looks to mitigate this through diversification across markets. Investments are also made in Sterling denominated funds where possible.
- **Manager risk –** The documents governing the investment manager's appointment include guidelines which, among other things, are designed to ensure that only suitable investments are held by the Scheme. The investment manager is prevented from investing in asset classes outside its mandate without the Trustees' prior consent.

- **Active management risk –** Arrangements are in place to monitor the Scheme's investments to help the Trustees check that nothing has occurred that would bring into question the continuing suitability of the current investments. To facilitate this, and to review the manager's ability with regard to actively managed funds the Trustees meet with the Scheme's investment manager from time to time and receives reports from the investment manager. These reports include an analysis of the overall return, along with their component parts, to monitor the returns achieved relative to those expected.

- **Counterparty risk –** In order to mitigate counterparty risk for the Scheme, the safe custody of the Scheme's assets is delegated to professional custodians (via the investment manager).

- **Liquidity risk –** The Trustees recognise that the need for liquidity within the Scheme's investment strategy and therefore looks to invest in funds which are readily marketable. Where this is not the case, consideration is given to the overall liquidity of the Scheme's assets with the aim to ensure that there is sufficient liquidity to meet the Scheme's ongoing cashflow requirements.

- **Environmental, Social and Governance risk ("ESG") –** The risk that the returns of certain asset classes and sectors may be significantly affected by ESG risks (including but not limited to climate change). The Trustees take climate risk into account in the selection, retention and realisation of the Scheme's investment managers.

Should there be a material change in the Scheme's circumstances, the Trustees will review whether and to what extent the investment arrangements should be altered; in particular, whether the current risk profile remains appropriate.

4. Investment Strategy

The Trustees regard the choice of asset allocation policy as the decision which has most influence on the likelihood that they will achieve their investment objectives. In deciding the asset allocation strategy, the Trustees take advice from Mercer, as investment consultant to the Trustees, and makes decisions in consultation with the Sponsoring Company.

The Trustees are currently reviewing the investment strategy with the help of its advisers and in consultation with the employer.

In the absence of this, the current short-term strategic allocation is shown in the table below.

Pooled Fund	Target Allocation	Ranges
UK Equities	30%	20-50%
Overseas Equities	32%	20-50%
Property	5.5%	0-10%
Alternatives	5%	0-10%
Fixed Interest Gilts / Corporate Bonds	27%	20-35%
Cash	0.5%	0-5%

5. Day-to-Day Management of the Assets

5.1 Main Assets

The Trustees invest the main assets of the Scheme with Rathbones, who allocate to both individual investments and pooled funds. They are satisfied that the spread of assets by type and the investment manager's policy on investing in individual securities within each type provides adequate diversification of investments.

5.2 Investment Restrictions

Rathbones manage the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation.

5.3 Buying and Selling Investments

The Trustees have delegated the responsibility for buying and selling investments to the investment manager who has undertaken not to exceed the Trustee's investment powers as set out in the Trust Deed. As already mentioned, the day-to-day activities which the investment manager carries out for the Scheme are governed by the arrangements between the Trustees and the investment manager, which are reviewed from time to time to ensure that the operating instructions, guidelines and restrictions remain appropriate.

5.4 Realisation of Investments

The investment manager has discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments within parameters stipulated in the relevant appointment documentation.

5.5 Monitoring the Investment Manager, Investment Consultant and Decision Making

The investment manager is appointed by the Trustees based on the strength of its capabilities and, therefore, the perceived likelihood of the manager achieving the expected return and risk characteristics required for the asset classes in which the Scheme invests.

The Trustees will seek guidance from its investment consultant, where appropriate, on their forward-looking assessment of a manager's ability to deliver upon its stated objectives.

The Trustees will review an appointment if the investment objective for a manager's portfolios change to ensure it remains appropriate and consistent with the Trustees' wider investment objectives. As the Scheme invests in pooled investment vehicles within the Rathbones portfolio, the Trustees accept that they have no ability to specify the risk profile and return targets of the underlying managers, but appropriate mandates can be selected to align with the overall investment strategy.

The Trustees receive performance reports from the investment manager on a quarterly basis.

The Trustees review the absolute performance and relative performance against a suitable benchmark index (where appropriate). The Trustees' focus is on long term performance, however they may review the appointment if:

- There are sustained periods of the manager failing to achieve its stated investment objectives.
- There is a change in the portfolio manager.
- There is a change in the underlying objectives of the portfolios.
- There is a significant change to the investment consultant's view of the manager.

The investment manager is remunerated by way of a fee calculated as a percentage of assets under management.

The Trustees do not actively monitor portfolio turnover costs. The Trustees will continue to monitor industry improvements concerning the reporting of portfolio turnover costs. In future, the Trustees may ask the manager to report on portfolio turnover cost.

The Trustees meet with the investment manager from time to time to review their actions together with the reasons for and background behind the investment performance.

The Trustees are a long-term investor and are not looking to change the investment arrangements on a frequent basis.

There is no set duration for the investment manager appointments. The Trustees will therefore retain an investment manager unless:

- There is a strategic change to the overall strategy of the Trustees that no longer requires exposure to that manager.
- The manager appointed has been reviewed and the Trustees have decided to terminate the mandate.

5.6 Additional Assets

The Trustees also maintain a bank account for small working cash balances.

6. Socially Responsible, Environmental and Ethical Investment and Corporate Governance

6.1 Environmental, Social and Corporate Governance ("ESG"), Stewardship, and Climate Change Beliefs

The Trustees believes that ESG factors have a material impact on investment risk and return outcomes (and so are considered to be financially material), and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

6.2 ESG, Stewardship, and Climate Change Policies

The majority of Scheme assets are invested via pooled investment vehicles with Rathbones. The Trustees accept that pooled investments will be governed by the individual policies of the investment manager. These polices are reviewed as part of the consideration of pooled investments. As such, the Trustees have given their investment manager full discretion in evaluating ESG factors, including climate change considerations, exercising voting rights (to the extent applicable) and stewardship obligations attached to the investments in accordance with their own corporate governance policies, and current best practice, including the UK Corporate Governance Code and the UK Stewardship Code.

The Trustees increasingly consider how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. Managers are expected to provide a summary of their ESG and stewardship policies and to comment on these issues as part of any meeting with the manager.

The Trustees will consider how the manager's approach to ESG integration, climate change, and stewardship and responsible investment aligns with the Trustees' policies when determining future investment strategy decisions including the selection, retention and realisation of manager appointments. The Trustees will ask the manager to comment on these areas when they meet them from time to time at Trustee meetings.

6.3 Member Views

Non-financial considerations, including member views are not explicitly taken into account in the selection, retention and realisation of investments at the current time.

6.4 Investment Restrictions

The Trustees have not set any investment restrictions on the appointed investment manager in relation to particular products or activities, but may reconsider this in future.

6.5 Significant Votes

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022 ("Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance") one of the areas of interest was the significant vote definition. The most material change was that the Statutory Guidance provides an update on what constitutes a "significant vote".

The Trustees define a significant vote as one that is linked to the Scheme's stewardship priorities/themes. A vote could also be significant for other reasons, e.g. due to the size of holding. The Trustees have set out below their criteria for significant votes, which are aligned to some of the key themes outlined in the United Nation's Sustainable Development Goals:

- Environmental (E) – Climate change (e.g. vote on a company's carbon disclosures)
- Social (S) – Human rights (e.g. worker conditions, safety and pay)
- Governance (G) – Corporate Governance (e.g. Board quality, diversity, remuneration and inclusion)

7. Additional Voluntary Contributions ("AVCs")

The Trustees have selected Utmost Life and Pensions as the Scheme's AVC provider.

8. Advisors

8.1 Custodian

The role of a custodian is to ensure the safe keeping of the assets and facilitate all transactions entered into by the appointed investment manager.

The investment manager rather than the Trustees are responsible for the appointment of the custodian of the assets contained within the various individual and pooled fund investments.

8.2 Actuary

The Scheme Actuary performs a valuation of the Scheme at least every three years, in accordance with regulatory requirements. The main purpose of the actuarial valuation is to assess the extent to which the assets cover the accrued liabilities and agree the Company's contribution rate.

8.3 Investment Consultant

Whilst the day-to-day management of the Scheme's assets is delegated to an investment manager, all other investment decisions including strategic asset allocation and selection and monitoring of investment managers is based on advice received from the Investment Consultant. Mercer has been appointed for this purpose.

9. Fee Structures

9.1 Investment Manager

The investment manager levies fees based on a percentage of the value of the assets under management.

9.2 Adviser's Fees

The Scheme Actuary and the Investment Consultant typically work on the basis of quoted fees; however in certain circumstances a time cost basis will apply.

10. Compliance with this Statement

The Trustees will monitor compliance with this Statement on a regular basis.

11. Review of this Statement

The Trustees will review this Statement at least once every three years and without delay in response to any material changes to any aspects of the Scheme, its liabilities, finances and the attitude to risk of the Trustees and Sponsoring Company, which it judges to have a bearing on the Statement. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustees reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

Signed on behalf of the Trustees of the Edward Pryor & Son Limited Retirement Benefits Scheme No 8

Name:	Position: Trustee	Date: