

Headlam Group PLC Staff Retirement Benefits Scheme

Statement of Investment Principles

August 2026

1. Introduction

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 (as amended) for the Headlam Group Plc Staff Retirement Benefits Scheme ('the Scheme'). It describes the investment policy being pursued by the Trustee of the Scheme and is in compliance with the Government's voluntary code of conduct for Institutional Investment in the UK ('the Myners Principles') and TPR's Investment Guidance for defined benefit pension schemes. This SIP also reflects the requirements of Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2005, 2018 and 2019.

The Trustee confirms that, before preparing this SIP, they have consulted Headlam Group PLC ('the Sponsoring Employer') and have obtained and considered written advice from the Investment Adviser.

The Trustee is responsible for the investment of the Scheme's assets and where they are required to make an investment decision, the Trustee always receive advice from the relevant advisers first. They believe that this ensures that they are appropriately familiar with the issues concerned.

In accordance with the Financial Services & Markets Act 2000 ('FSMA'), the Trustee set general investment policy. The bulk of the Scheme is invested in an annuity asset, which fully matches benefit outgo. The Trustee has delegated day-to-day investment of the Scheme's assets to be undertaken through the fiduciary management service of Schroders Investments Limited ('Schroders Solutions'), hereafter referred to as the 'Investment Manager'.

2. Scheme governance

The Trustee has appointed the Investment Manager to implement the Schemes' investment strategy in relation to the surplus assets, which are held in cash, cash funds and/or short-dated gilts. The Investment Manager manages assets directly on behalf of the Trustee as well as having delegated authority to appoint, monitor and change Underlying Managers. The Investment Manager is appointed to carry out its role on an ongoing basis. The Trustee periodically reviews the overall value-for-money of using the Investment Manager. The Trustee is satisfied that these arrangements incentivise the Investment Manager:

- to align its investment strategy and decisions with the Trustee's investment policies, and
- to assess and make decisions based on the medium- to long-term financial and non-financial performance of issuers of debt, and, where possible, to engage with such issuers to improve this performance.

The Trustee notes that the scope for such engagement is likely to be extremely limited, and that, given the absence of equity holdings, there is no scope for voting.

3. Investment objectives and strategy

The Scheme's ultimate objective is to meet the benefit payments as they fall due. In order to achieve this, the Trustee has undertaken a buy-in of the Scheme's liabilities where the majority of members' benefits are secured with an insurance company, Aviva. The Trustee's objective is therefore no longer framed with reference to a liability-related objective. It is simply to protect the capital value of the remaining surplus until further notice.

The Scheme has legacy Illiquids and cash with Schroders Solutions, with an instruction to transfer residual proceeds to the Trustee Bank accounts.

4. Financially material investment considerations

Financial material considerations, which include (but not limited to) environmental, social and governance (ESG) considerations (including, but not limited to, climate change), which the Trustee considers to be financially material.

The Trustee believes that certain ESG factors can have an impact on financial performance and part of its fiduciary duty is to incorporate this information into its investment decisions to reduce investment risk and enhance portfolio returns over the length of time needed for the funding of future benefits of the Scheme. The Trustee considers a wide range of ESG risks, including corporate governance, human rights, labour and environmental standards and so on and they believe that climate risk presents a material financial risk to the assets invested in their portfolio.

Given the nature of the Scheme's buy-in policy, the Trustee believe there is limited scope to influence the ongoing ESG related activities of the insurer hence the Trustee will not actively seek to monitor its activities and policies in relation to ESG-related financial material considerations. Should the Trustee be provided with any opportunity which they deem appropriate to engage their insurer, they will consider the ESG-related financial material considerations and will outline their views and expectations of the insurer.

5. Non-financial matters

The Trustee does not at present consider non-financially material factors (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions as there is no likely common view on any ethical matters which members are likely to hold. Currently the Trustee has no plans to seek the views of the membership on ethical considerations.

6. Stewardship

The Trustee is responsible for developing its own stewardship policy which includes both voting (where applicable) and engagement. The Trustee believe proper stewardship will result in

better management of financially material ESG and climate related risks and opportunities. This is expected to improve the long-term financial outcomes of the Scheme which ultimately is in the best interests of the Scheme's members and beneficiaries.

Given the nature of the Scheme's buy-in policy, the Trustee believes there is limited scope to influence the ongoing stewardship activities of the insurer hence the Trustee will not actively seek to monitor its activities and policies unless there is future opportunity for the Trustee to do so.

Approved by the Trustee

Signed:.....

11th August 2026

Date:.....

On behalf of Trustee of the Headlam Group plc Staff Retirement Benefits Scheme.