

Norson Group Ltd Pension Scheme

Statement of Investment Principles

1. Introduction

The Trustees of the Norson Group Ltd Pension Scheme (the “Scheme”) has drawn up this Statement of Investment Principles (“the Statement”) to comply with the requirements of the Pensions Act 1995 (“the Act”) and the Occupational Pension Schemes (Investment) Regulations 2005, as amended. The Statement details the investment principles that govern decisions about the Scheme’s investments.

The Statement was most recently reviewed in May 2025.

In preparing this Statement, the Trustees have obtained advice from the Scheme’s Investment Consultant, Mercer Limited (“Mercer”). The Trustees have consulted the Principal Employer over investment objectives and strategy and have taken the Principal Employer’s views into account in setting both the objectives and strategic benchmark. The final decisions have however been made by the Trustees having taken advice from Mercer in reaching those decisions.

2. Scheme Governance

The Trustees have ultimate responsibility for the investment of the Scheme’s assets. The Trustees take some decisions themselves and delegates others. When deciding which decisions to take and which to delegate, the Trustees have considered whether they have the appropriate training and expertise to take an informed decision.

The Trustees have appointed a firm of professional investment consultants, Mercer, to provide relevant investment advice to the Trustees. The Trustees also take advice as appropriate from the Scheme Actuary and other professional advisers.

The investment provider, aberdeen, provides access to an investment platform through which investment funds can be accessed by the Trustees.

The underlying investment managers of the funds are responsible for day-to-day management of the Scheme’s assets in accordance with guidelines agreed with the platform provider. The investment managers have discretion to buy, sell or retain individual securities in accordance with these guidelines.

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 an appropriate funding strategy for the Scheme.

3. Investment Objectives

The Trustees believe that their prime duty is to invest the Scheme assets in such a manner that it is likely to provide pension and lump sum benefits for the members on their retirement and/or benefits on death, before or after retirement, for their dependents.

The Trustees' investment policy is guided by an overall objective of achieving, over the long term, a return on the investments which is consistent with the long term assumptions made by the Actuary in determining the funding of the Scheme. Over the shorter term the objective is to achieve returns in line with the investment managers' fund benchmarks.

The Trustees believe that the investment strategy adopted for achieving this objective will also be appropriate for achieving the further objectives of paying due regard to the interests of the Principal Employer on the size and incidence of contribution payments.

4. Risk Management and Measurement

The Trustees recognise that it is necessary to take some degree of investment risk to meet the objectives outlined in Section 3. The Trustees have taken advice on the matter and (considering the objectives noted previously) considered carefully the implications of adopting different levels of risk.

In formulating the investment objective, the Trustees believe the following risks to be financially material over the lifetime of the Scheme:

- The risk of deterioration in the Scheme's funding level.
- The risk of a shortfall of assets relative to the liabilities as determined if the Scheme were to wind up.
- The risk that the day to day management of the assets will not achieve the rate of return expected by the Trustees.
- The risk that climate change may impact the value of investments, due to its effect on natural and human systems, across geographical regions. However, due to the inherent uncertainty, the Trustees have not made explicit allowance for it when determining the investment strategy.

The Trustees believe that the investment strategy outlined in this document is appropriate for meeting the risks outlined above.

5. Strategic Asset Allocation

The Trustees have established a strategic objective for the Scheme. Given the investment objectives set out above and the strong surplus funding position, the Trustees have implemented the investment strategy detailed in the table below. The Trustees believe that the investment risk relative to the Scheme's liabilities arising from the investment strategy are consistent with the overall level of risk being targeted. The Trustees' policy is to select, retain and realise assets consistent with maintaining the overall investment strategy.

Asset Class	Target Benchmark Allocation (%)	Control Ranges (%)
UK Bonds and Liquidity	100.0	n/a
Total	100.0	

The Trustees monitor the Scheme's overall asset allocation and liability hedging levels regularly and make decisions accordingly to ensure that the actual Scheme allocation is appropriate.

6. Day to Day Management of the Assets

6.1 Main Assets

The Trustees invest the assets of the Scheme on an investment platform, provided by aberdeen, through which investment manager funds can be accessed. Via the platform, the Trustees have invested in index-tracking pooled UK government bond funds managed by Vanguard, an index-tracking pooled UK investment grade corporate bond fund and a liquidity fund both managed by Standard Life.

The Trustees are satisfied that the spread of assets by type and the level of diversification within the Scheme is appropriate when considering the size and nature of the Scheme's liabilities.

6.1.1 Investment Restrictions

The Trustees recognise that because the assets of the Scheme are invested in pooled fund vehicles, the investment restrictions applying to these pooled funds are determined by the fund managers.

6.1.2 Investment Objectives

The performance objective for Vanguard and Standard Life (the "investment managers") are to track the benchmark return within acceptable limits.

6.2 Realisation of Investments

The investment managers have discretion on the timing of realisations of investments and in considerations relating to the liquidity of those investments.

6.3 Monitoring the Investment Managers

Performance is measured by the investment managers themselves, with Scheme performance available from aberdeen. Mercer provide the Trustees with a performance review annually within the Scheme's Report and Accounts.

6.4 Member Views

Member views are not currently taken into account when determining the investment strategy, underlying manager structure or selection and retention or realisation of investments, however there are methods by which they can make views known to the Trustees. The Trustees will review this position periodically.

7. Responsible Investment and Corporate Governance

7.1 Financially material considerations and Stewardship

The Trustees believe that good stewardship and environmental, social and governance ("ESG") issues may have a material impact on investment risk and returns. The Trustees also recognise that long-term sustainability issues,

particularly, but not limited to, climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustees have given the investment managers full discretion when evaluating ESG issues and in exercising voting rights (where applicable) and stewardship obligations attached to the Scheme's investments. This includes engagement with issuers of debt and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest and risks, in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

The Trustees do not monitor or engage directly with issuers or other holders of debt. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the investment managers' general policies on stewardship, considering the long-term financial interests of the beneficiaries.

7.2 Investment Restrictions

The Trustees have not set any investment restrictions on aberdeen or the underlying investment managers in relation to particular products or activities but may consider doing so in future.

8. Non-Financial Matters

- 8.1** The Trustees do not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

9. Investment Manager Appointment, Engagement and Monitoring

9.1 Aligning Manager Appointments with Investment Strategy

The investment managers on the aberdeen platform are appointed by the Trustees based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and desired risk characteristics.

The Trustees look to Mercer, where appropriate, for their forward-looking assessment of a manager's ability to track their stated benchmark. This view will be based on Mercer's assessment of the manager's implementation and risk management, costs and fees, stewardship and business management, in relation to the particular investment fund that the Scheme invests in.

Mercer's manager research ratings assist with due diligence and are used in decisions around selection, retention and realisation of manager appointments.

If the investment objective for a particular investment manager's fund change, the Trustees will review the fund appointment to ensure that it remains appropriate and consistent with the wider Trustee's investment objectives.

The Scheme's investments are all made through pooled investment vehicles via an investment platform. The Trustees accept that it has no ability to specify the risk profile and return targets of the investment managers. Such issues are taken into

consideration when selecting and monitoring the investment manager to align with the overall investment strategy requirements.

9.2 Incentivising Managers to Consider Long-Term Financial and Non-financial Performance

The Trustees also consider Mercer's assessment of how each investment manager embeds ESG into its investment process and how the investment manager's responsible investment philosophy aligns with the Trustees' beliefs around responsible investment. This includes the investment manager's policy on voting (where relevant) and engagement. The Trustees will use this assessment in decisions around selection, retention and realisation of investment manager appointments where applicable.

The investment managers continued appointment is based on their success in delivering the mandate for which they have been appointed. If the Trustees are dissatisfied, then they will consider replacing the investment manager to an alternative on the platform.

9.3 Evaluating Investment Manager Performance and Remuneration

The Trustees receive an investment performance review at least annually, which present performance information 1 year, 3 year and 5 year periods. The Trustees review absolute performance and, in many cases, relative performance, either against a suitable index used as a benchmark (where relevant) and/or against the investment manager's stated performance target (over the relevant time period).

The Trustees' focus is primarily on long-term performance but may review a manager's appointment if:

- There are sustained periods of underperformance;
- There is a change in the portfolio manager or portfolio management team;
- There is a change in the underlying objectives of the investment manager;
- There is a significant change to Mercer's rating of the manager.

The investment managers are remunerated by way of a fee calculated as a percentage of assets under management, negotiated by aberdeen via the platform.

9.4 Portfolio Turnover Costs

The Trustees do not currently 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 aberdeen and the investment managers to report on portfolio turnover cost. They may assess this by comparing portfolio turnover across the same asset class, on a year-on-year basis for the same manager fund, or relative to the investment manager's specific portfolio turnover range in the investment guidelines or prospectus.

9.5 Manager Turnover

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

For open-ended funds (which all of the Scheme's assets are invested in), there is no set duration for the manager appointments. The Trustees will therefore retain an investment manager unless:

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

10. Compliance with and Review of this Statement

The Trustees will monitor compliance with this Statement.

On a regular basis, the Trustees will review this Statement in response to any material changes to any aspects of the Scheme, its liabilities, finances and the attitude to risk of the Trustees and the Principal Employer, which it judges to have a bearing on the stated Investment Policy.

This review will occur no less frequently than tri-annually. Any such review will again be based on expert investment advice and will be in consultation with the Principal Employer.

For and on behalf of the Trustees of the Norson Group Ltd Pension Scheme.