

KOMORI UK LIMITED EMPLOYEE BENEFIT SCHEME STATEMENT OF INVESTMENT PRINCIPLES

Updated March 2026

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KOMORI UK LIMITED EMPLOYEE BENEFIT SCHEME

STATEMENT OF INVESTMENT PRINCIPLES

1. Introduction

1.1 Purpose of Statement

This is the Trustee's Statement of Investment Principles in respect of the Komori UK Limited Employee Benefit Scheme ("the Scheme") as required under Section 35 of the Pensions Act 1995 ("the Act") and the Occupational Pension Schemes (Investment) Regulations 2005/3378 ("the Investment Regulations") and other applicable legislation taking into account guidance from the Pensions Regulator and the written advice from an independent investment adviser.

- The Statement of Investment Principles was last updated with effect from 1 October 2020 to reflect the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

This Statement is now updated as a matter of regular review and applies with effect from **1 March 2026**.

1.2 Requirements of the Act and the Regulations

The Act and the Regulations require that this Statement should cover the Trustee's policies:

- for ensuring that investments are suitable and that they are appropriately diversified;
- for securing compliance with the requirements of section 36 of the Act;
- concerning:
 - the kinds of investments to be held;
 - the balance between different kinds of investments;
 - the level of risk;
 - the expected return on investments;
 - the realisation of investments.
- on financially material considerations including, but not limited to, environmental, social and governance (ESG) issues including climate change
- on stewardship, including engagement with fund managers and the exercise of voting rights
- on the extent to which (if at all) non-financial matters (such as members' views on social impact investments) are taken into account
- and, with effect from **1 March 2026**, the Trustee's policies with the fund managers and their stewardship policies on how they would monitor and engage with companies about their capital structure and management of actual or potential conflicts of interest.

1.3 Advice

The Trustee has previously obtained and considered written advice from M L Owen FIA, the Scheme Actuary, who confirmed to the Trustee that he is authorised to give investment advice under the Financial Services and Markets Act 2000 and that he has the appropriate knowledge and experience required under the Act.

The Trustee will take further advice before making material changes to this statement

1.4 Review and Consultation

The Trustee will review this Statement regularly and, if circumstances so require, in the event of any material change to the Scheme's investment strategy. Formal reviews will be undertaken at least every 3 years in conjunction with triennial actuarial valuations. The next review will be undertaken following completion of the triennial actuarial valuation as at 31 March 2026.

The Trustee will consult with Komori UK Limited ("the Employer") as required by the Act.

1.5 Investment Powers

The Trustee is responsible for investing the Scheme's assets in the best interests of members and beneficiaries. The Trustee exercises their powers of investment in accordance with clause 5 of the Scheme's Definitive Trust Deed and Rules dated 16 December 1993. Neither this Statement nor the Trust Deed and Rules restrict the Trustee's investment powers by requiring the consent of the Employer.

1.6 Delegation

The Trustee has agreed that all policy decisions on investments will be taken by the Trustee as a whole and shall not be delegated to any sub-committee.

The Trustee has delegated day-to-day investment management and investment decisions to the Fund Manager appointed under section 36 of the Act and authorised under the Financial Services and Markets Act 2000 (see section 5).

The Trustee is satisfied that the Fund Manager has the appropriate knowledge and experience for managing the investments of the Scheme and that they carry out their role in accordance with the Investment Regulations and the principles and investment policies contained in this Statement of Investment Principles.

2. The Scheme's Characteristics

The Scheme is a defined benefits scheme providing pensions and lump sums when members retire and dependants' pensions and lump sums on death in service and after retirement. Pensions in payment are increased annually.

The main characteristics of the Scheme that, in the opinion of the Trustee, are relevant to the development of an appropriate investment strategy are:

- the Scheme is closed to new members but continues to provide benefits for future service accrual for the active members; accordingly, the Scheme is gradually becoming more mature
- cash flow, where benefit payments cannot be met from current contributions, is negative
- its funding level relative to its statutory funding objective
- the willingness and ability of the Employer to continue funding the Scheme in order to continue to meet its funding objectives.

3. The Trustee's Views On Risk

The Trustee recognises that the most important aspect of the security of members' benefits is the continued support of the Employer. Events that may reduce the willingness or the ability of the Employer to continue to support the Scheme could be a potential threat to the Scheme.

The Trustee believes that the management of risk is the best way to achieve the required long term investment returns, diversification of investments is key to managing risk and that both these issues will assist in achieving / maintaining the Scheme's funding objectives.

The Trustee believes that risk can be viewed in terms of:

- the need for a special contribution from the Employer to improve funding in order to meet, or maintain, their funding objectives;
- the possibility of a deficiency on winding-up;
- the investment managers failing to achieve an appropriate rate of investment return, relative to inflation.

The Trustee has identified that risks also arise from:

- a mismatch between the Scheme's assets and its liabilities
- holding unsuitable geared or speculative investments;
- inadequate diversification across all the asset classes or by holding excessive amounts of any one investment;
- holding investments in currencies other than £ sterling;
- stock market volatility and/or the need to sell investments in unfavourable market conditions.

Winding-up the Scheme is not on the Trustee's agenda at the moment but it may increase in importance if the ability of the Scheme to achieve wind-up becomes closer.

4. Trustee's Objectives

In the light of the Trustee's views on risk and the characteristics of the Scheme, the Trustee has set the following investment objectives and asset allocation strategy:

4.1 Investment Objectives

The Trustee aims to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided and that benefit payments can be met as they fall due. The asset allocation strategy selected is designed to achieve a balance between the risks and return characteristics of the asset classes selected whilst maintaining a prudent approach to meeting the Scheme's liabilities.

4.2 Investment Strategy

The Trustee's investment strategy for the Scheme is dictated by the Employer's willingness and ability to support the Scheme now and in the future, the current funding level and the maturity and the liability and risk profile of the Scheme. The Trustee sets the investment strategy to achieve a rate of investment return which, over the long term, is expected to be consistent with their funding objective.

In setting the investment strategy for the Scheme and in considering future changes to the strategy, it is the Trustee's policy to consider:

- a wide range of asset classes;
- the risks and rewards of a range of possible asset allocation strategies;
- the need for appropriate diversification across the asset classes;
- the suitability of each asset class included in the planned allocation strategy; and
- their assessment of the strength of the covenant of the Employer, and
- the views of the Employer.

The overall strategy is determined with regard to the actuarial characteristics of the Scheme, in particular the strength of the funding position and the liability profile.

The Trustee's policy is to review the investment strategy periodically. This will normally be undertaken in conjunction with or following completion of the triennial actuarial valuation. The Trustee takes into account the funding requirements detailed in the Occupational Pension Scheme (Scheme Funding) Regulations 2005 when carrying out the Scheme's triennial actuarial valuations and have a Statement of Funding Principles ("SFP").

The Trustee believes that this Statement of Investment Principles is consistent with the SFP.

4.3 Asset Allocation Strategy

The Trustee invests in a range of pooled funds and gilts. The current target asset allocation strategy is to invest:

- **90%** of the assets in a range of funds that combine corporate bonds and swaps/gilts in order to improve the matching of the assets with the long term liabilities and to help reduce the risks of interest rate and inflation change on the Scheme's funding level, and
- **10%** of the assets in a diversified growth fund with exposure to a wider range of assets in order to enhance the investment return over the long term.

Prior to 31 October 2019, the asset allocation strategy was 80:20 respectively.

4.4 Realisation of Investments

The Trustee will ensure that the Fund Manager is aware of the cashflow requirements of the Scheme. The Fund Manager will be responsible for ensuring that, in normal market conditions, sufficient assets are readily realisable to meet any regular disinvestments required by the Trustee to meet these cashflows.

4.5 Socially responsible investment

The Trustee believes that no specific account needs to be taken of social, ethical and environmental issues over and above normal market practices (see sections 7 and 8).

5. Implementation

5.1 Implementation

To achieve the objectives described above, the Trustee has retained Legal & General Investment Management ("LGIM") as Fund Manager.

The Trustee has agreed with LGIM that, with effect from 1 November 2019, they will invest the assets as follows:

90% of the assets in matching assets:

- about 60% in LGIM's duration neutral Corporate Bond Fund, and
- about 40% in LGIM's Matching Plus swap and gilt funds and in actual gilts and index-linked gilts of appropriate duration having regard to the Scheme's liabilities as advised by the Scheme Actuary

10% of the assets in growth assets:

- in LGIM's Diversified Fund which provides exposure to a range of assets consisting of bonds, equities, property, commodities and infrastructure.

New money (if any) will be allocated as appropriate towards the agreed asset allocation and the asset allocation will be reviewed and rebalanced every three years or as the Trustee shall decide.

5.2 Delegation

The Trustee's policy is to delegate all day-to-day decisions about the investments to the Fund Manager. These duties include:

- tactical investment decisions based on views of market movements
- realisation of investments
- taking ESG considerations into account when assessing the financial potential and suitability of investments; and
- voting and corporate governance in relation to the financial potential of the Scheme's assets.

The Trustee expects the Fund Manager to carry out the powers of investment delegated to them with a view to giving effect to the principles in this Statement insofar as is reasonably practicable.

5.3 Rebalancing

There is no automatic rebalancing of the assets between the above asset classes but the need to rebalance is reviewed once a year or more often if significant cash withdrawals are made to meet benefit payments (for example, transfer value payments or lump sums paid on retirement).

5.4 Custodianship

The Trustee is the beneficial owners of the Scheme's assets invested with LGIM. These assets are held by custodians appointed by LGIM on behalf of the Trustee.

5.5 Compliance

The Trustee has agreed with the Fund Manager that, to confirm compliance, it will report quarterly to the Trustee. The Trustee will meet with the Fund Manager at appropriate intervals to review performance.

6. Risks

6.1 Measuring and managing risk

The Trustee is aware of the risks that (i) the underlying assets of the Scheme may fail to achieve their stated investment performance objective relative to their benchmark and that investment returns can be volatile (assets risk) and that (ii) the assets may not achieve the investment return required to meet the Scheme's technical provisions and the funding objectives as set out in the Scheme's statement of funding principles (liabilities risk). The Trustee monitors the investment returns achieved against these risks annually and more often if circumstances require.

6.2 Diversification

The Trustee has fully considered the need for diversification of investments and is satisfied that the current investments of the Scheme, and the strategy outlined above, provide adequate diversification of the Scheme's investments.

6.3 Suitability

The Trustee, following advice from the Scheme Actuary, considers that the investments of the Scheme are suitable given the Scheme's liability profile and represent an acceptable level of risk.

6.4 Realisation of investment and liquidity risk

The Scheme's assets are invested in the Fund Manager's pooled funds or directly in gilts. The Trustee considers that the investments overall are sufficiently marketable and liquid to enable realisation in an acceptable time period if required.

6.5 Funding Objective

The Scheme is an occupational pension scheme to which the scheme specific funding objective set out in the Pensions Act 2004 applies.

The Trustee's policy is to target the Scheme's statutory funding objective. The Trustee considers the funding policy in conjunction with each triennial actuarial valuation of the Scheme and will review the suitability of the asset allocation strategy annually to ensure it remains appropriate in relation to this policy.

6.6 Self-Investment

The Trustee will not hold any employer-related investments directly in order to protect the Scheme in case of default by the Employer.

7. Socially Responsible Investment

The Trustee's policy on Socially Responsible Investment is that social, environmental and ethical considerations should be taken into account in the selection, retention and realisation of investments to the extent that such considerations will affect the financial performance of those investments. In respect of the rights, including voting rights, attaching to investments, the policy of the Trustee is to exercise such rights to add value and to protect the interests of shareholders.

However, in endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest part of the assets in pooled funds (in which the Scheme's investments are pooled with those of other pension funds) and cannot therefore directly influence the social, environmental and ethical policies and practices of the companies in which the pooled funds invest. The above policies are therefore implemented by delegation on a discretionary basis to the investment manager of each pooled fund. The Trustee expects the investment managers to actively participate in engagement activity in respect of the companies in which the Scheme invests and to report to the Trustee as to how they have dealt with voting policy and practices and have exercised voting rights.

The Trustee is satisfied that the Fund Manager's corporate governance policies reflect the key principles of socially responsible investment.

8. Corporate Governance and ESG

In this section, the Trustee:

- sets out their policy on financially material considerations including, but not limited, to Environmental, Social and Governance (ESG) concerns including climate change
- sets out their policies on stewardship, including engagement with fund managers and the exercise of voting rights
- states the extent to which (if at all) non-financial matters (such as members' views on social impact investments) are taken into account.

8.1 Investment manager

The Trustee has delegated the selection, realisation and monitoring of the Scheme's investments and all day-to-day decisions about investments to LGIM as set out in section 5 above, acting in compliance with the Financial Services and Markets Act 2000.

LGIM maintain processes to ensure that performance and risk are assessed on a regular basis against measurable objectives. The Trustee believes that good stewardship and ESG issues may have a material impact on investment returns. The Trustee monitors their Fund Manager to ensure that, alongside other investment risks, consideration of ESG risks are integrated throughout their investment decision making processes. Consideration of ESG issues is fully embedded in the Fund Manager's selection and portfolio management processes with oversight undertaken on a regular basis. The degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and particular exposures which the Fund Manager takes into account in its assessment.

The Trustee obtains regular statements from LGIM regarding ESG and Corporate Governance regarding the management of the LGIM Funds in which the Scheme invests.

The Trustee does not believe that the introduction of any further restrictions on the Fund Manager relating to ESG considerations would be in the best financial interests of Scheme members.

8.2 Voting Rights

The Trustee delegates responsibility for the exercising of rights (including voting rights) attaching to investments to the Fund Manager for whom the sole purpose of their corporate governance policies is to protect and enhance the economic interests of their pension scheme clients.

8.3 Members' views

In setting and implementing the Scheme's investment strategy, the Trustee does not explicitly take account of members / beneficiaries views on ethical considerations and non-financial matters as referred to in the regulations. In reaching this decision, the Trustee recognises the practical difficulties that would arise in reaching a consensus with those members who might respond to any such consultation.

9. Arrangements With Asset Managers and Stewardship Policies

In this section, and to comply with the requirements that arise from the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustee:

- sets out their policies as to how they engage with their asset manager to ensure that their performance aligns with the Trustee's policies, and
- provides further information on their stewardship/engagement policies.

9.1 Incentivising Investment Managers

9.1.1 Incentivising Investment Managers

The Trustee incentivises the fund manager to align their investment strategies and decisions with the Trustee's policies as outlined in this Statement of Investment Principles. These investment strategies are aligned to the Trustee's investment objectives by their selecting appropriate pooled funds and gilts with suitable characteristics in terms of the liability profile of the Scheme as advised by the Scheme Actuary.

The fees paid to the fund manager, and the possibility of their mandate being terminated, ensure they are incentivised to provide a quality service that meets the stated objectives, guidelines and restrictions agreed with the Trustee. The Scheme invests in pooled funds and in gilts where fees are charged in proportion to the assets under management. There are no performance-related fees.

The Trustee monitors the Fund Manager's performance and the Fund Manager is required to account for any deviation from these policies.

9.1.2 Assessing medium to long term performance of investments

Fund managers are retained, amongst other criteria, subject to their achieving adequate performance in the medium to long term. In order to do this, they will need to make assessments about the medium to long term financial performance of debt and equity issuers. They will also need to assess non-financial performance in as much as it may be a source of risk.

Performance can be improved where fund managers make decisions having engaged with issuers of debt or equity including decisions based on the long term sustainability of the invested companies and their own ESG policies including climate related risk.

The Trustee monitors the Fund Manager's performance and, where they have concerns, they will raise them with the Fund Manager.

9.1.3 Monitoring performance and remuneration

The Fund Manager provides the Trustee with quarterly reports. The Trustee carries out performance reviews taking into account investment performance against any relevant benchmarks and the rest of the market, both in terms of individual performance and their wider role in helping the Scheme to meet its long-term objectives.

The Trustee also takes account of the fees charged.

9.1.4 Monitoring portfolio turnover and costs

Portfolio turnover costs are incurred as a result of the buying, selling, lending or borrowing of investments. The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of turnover costs is reflected in performance figures provided by the Fund Manager. However, given the size of the Scheme's investment and the fact that the investments are in pooled funds and gilts, the Trustee believes that it would not be cost effective to monitor the turnover or transaction costs directly. The performance figures that the Trustee review are net of transaction costs, so these costs are taken into account indirectly.

9.1.5 Duration of arrangements with Investment Managers

In order to maintain an incentive for the Fund Manager to perform well, the Trustee does not enter any fixed term arrangements. Pooled fund investments are only retained for as long as the aim of the pooled fund is consistent with the Scheme's investment objectives and the Trustee continues to have confidence that the Fund Manager can deliver that aim in a cost-effective manner. The arrangements are reviewed every three years.

9.2 Stewardship/engagement policies

The Trustee delegates responsibility for their corporate engagement activities to the Fund Manager as they are best placed to engage with companies on matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

10. Additional Voluntary Contributions ("AVCS")

The Trustee recognises that the needs of members with AVC funds will vary according to their attitude to risk, their personal preferences and the time to retirement.

The Trustee has previously made available AVC schemes which have a wide range of funds including unit-linked and with-profits contracts. These AVC schemes are closed to new contributions.

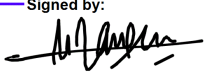
These schemes will be reviewed by the Trustee at appropriate intervals on the basis of written advice.

11. Consultation with The Employer

The Act requires the Trustee to consult the Employer before preparing or revising their Statement of Investment Principles. The Employer has seen this Statement and has confirmed acceptance of the investment policies outlined.

This Statement replaces the previous Statement dated 30 September 2020.

This Statement was agreed and signed by the Trustee on 23 March 2026.

Signed by: 
Signed.....F20592C4D6EF481.....