LS Starrett Company Limited Retirement Benefits Scheme

Statement of Investment Principles

As at November 2025

SPENCE

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Executive Summary

This Statement of Investment Principles ("the Statement") has been commissioned by and addressed to the Trustees of the LS Starrett Company Limited Retirement Benefits Scheme ("the Scheme").

This document has been prepared by Simon Cohen, in his capacity as appointed Investment Consultant to the Scheme.

It has been prepared to comply with Section 35 of the Pensions Act 1995 as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005 and as amended by subsequent regulations.

For the purposes of this report, LS Starrett Company Limited is referred to as the "Company" or "Sponsoring Employer".

Introduction

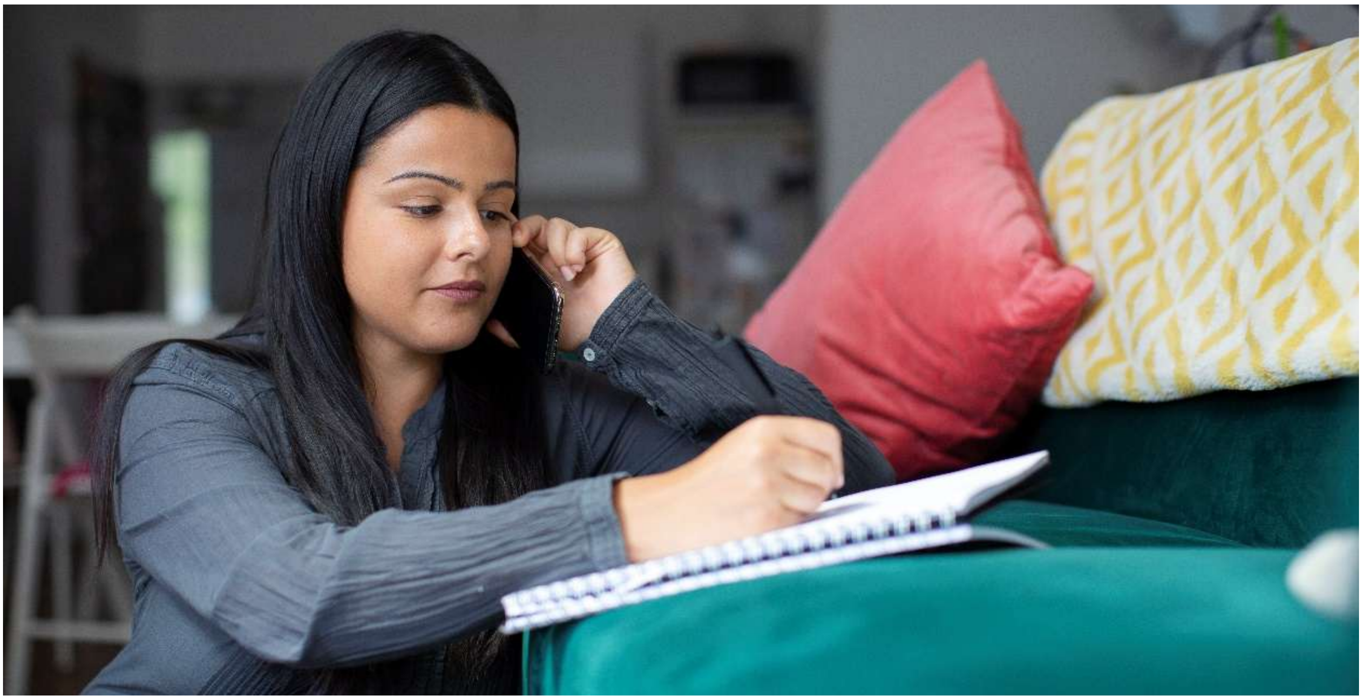
This Statement sets out the principles governing decisions about investments for the Scheme and supersedes the previous Statement prepared by the Trustees.

In preparing this Statement, the Trustees have:

1.	Consulted with the Company, although responsibility for maintaining this Statement and setting investment policy rests solely with the Trustees.
2.	Obtained and considered written professional advice and recommendations from Spence and Partners Limited ("Spence") who are the Trustees' appointed investment consultant. Spence is authorised and regulated by the Financial Conduct Authority ("FCA"). They have confirmed to the Trustees that they have the appropriate knowledge and experience to give the advice required by the Pensions Acts.

The Trustees will review this Statement at least every three years to coincide with the triennial actuarial valuation or other advice relating to the statutory funding requirements. If there are any significant changes in any of the areas covered by this Statement, the Trustees will review it without further delay. Any changes made will be based on written advice from a suitably qualified individual and will follow on from consultation with the Company.

The Scheme is a defined benefits ("DB") plan. The Trustees' investment powers are set out in rule 4.2 of the Trust Deed and Rules dated 26 November 2002 and subsequent amending deeds. This Statement is consistent with those powers.



Investment Objectives

The Trustees' overall investment policy is guided by the objective of buying-out the Scheme's liabilities with an insurer.

Investment Responsibilities

The Trustees

Under the legal documentation governing the Scheme, the power of investment is vested in the Trustees. Therefore, the Trustees are responsible for setting the investment objectives and determining the strategy to achieve those objectives. They set the overall investment target and then monitor the performance of their investment managers against the target. In doing so the Trustees consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.

Their duties and responsibilities include but are not limited to:

- Regular approval of this Statement and monitoring compliance with this Statement
- Appointment, removal (where applicable) and review of their investment managers or investment adviser and their performance relative to relevant benchmarks
- Assessment of the investment risks run by the Scheme
- Monitoring and review of the asset allocation

Investment Adviser's Duties and Responsibilities

The Trustees have appointed Spence as their investment consultant. Spence provides advice when the Trustees require it and/or when Spence feels it suitable to do so. Areas on which it can provide advice are as follows:

- Setting investment objectives
- Determining strategic asset allocation
- Determining suitable funds and investment managers
- Managing cashflow

It should be noted that the Trustees retain responsibility for all decisions.

Spence are remunerated on a time cost basis.

Any extra services provided by Spence will be remunerated on a time cost basis or a pre-agreed fee.

Spence does not receive any commission or any other payments in respect of the Scheme for investment services that will affect the impartiality of their advice.

The Trustees are satisfied that this is a suitable adviser compensation structure.

Investment Managers' Duties and Responsibilities

The Trustees, after considering suitable advice, have moved the Scheme's assets into a buy-in policy with Aviva Life & Pensions UK Limited ("Aviva") who are managing the policy. Therefore, there are no longer any investment managers that the Scheme has appointed.

Setting the Investment Strategy

The Trustees have determined their investment strategy after considering the Scheme's liability profile, their own appetite for risk and the views, risk appetite and covenant of the Company. They have also received written advice from their investment consultant.

Types of Investment

The Scheme's assets are invested with Aviva in a buy-in policy which matches the Scheme's liabilities.

The Trustees are permitted to invest across a wide range of asset classes, including but not limited to equities, bonds, cash, property and alternative asset classes. The use of derivatives is as permitted by the guidelines that apply to the pooled funds.

There is no employer-related investment content of its portfolio as a whole as the Trustees hold an annuity policy.

Balance Between Different Types of Investment

The Trustees hold an insurance policy which is for the benefit of all members to match all of their liabilities.

Expected Return on Investments

The expected return on investments is equal to the growth in liabilities of the Scheme.

Realisation of Investments

The Scheme's assets are invested in an annuity, which is not readily realisable.

Financially Material Considerations

The Trustees have considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Scheme for members. However, as the time horizon of the Scheme is very short (likely to be less than 2 years) and as the Scheme is invested in a buy-in policy, ESG considerations are not expected to have an impact on/be relevant to the Scheme's investment strategy.

Non-Financial Material Considerations

The Trustees have not considered non-financial material matters in the selection, retention and realisation of investments.

Stewardship

The Scheme is invested in a buy-in policy with Aviva and does not have much influence over how the investments are managed. This section has outlined the Trustees' policy and expectations of the insurance company, but the Trustees acknowledge that they may not be followed.

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the insurer on the Trustees' behalf, having regard to the best financial interests of the beneficiaries.

The insurer should engage with companies to take account of ESG factors in the exercise of such rights as the Trustees believe this will be beneficial to the financial interests of members over the long term.

The Trustees also expect the insurer to engage with investee companies or other relevant persons on performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, ESG issues concerning the Trustees' investments.

Investment Manager Arrangements

As the Trustees are invested in a buy-in policy with Aviva, they have not considered the following requirements as they have no control over the investment strategy of the insurance company:

- Incentives to align investment managers' investment strategies and decisions with the Trustees' policies.
- Incentives for the investment managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
- How the method (and time horizon) of the evaluation of the fund managers' performance and the remuneration for asset management services are in line with the Trustees' policies.
- How the Trustees monitor portfolio turnover costs incurred by the fund managers, and how they define and monitor targeted portfolio turnover or turnover range.

Risks

The Trustees are aware and seek to take account of a number of risks in relation to the Scheme's investments. Under the Pensions Act 1995 and the Occupational Pension Scheme (Investment) Regulations 2005, the Trustees are required to state their policy regarding the ways in which risks are to be measured and managed. As the majority of assets are now invested in a buy-in policy the Trustees have mitigated most risks which are mismatch risk, concentration risk, investment manager risk, liquidity risk, currency risk, loss of investment risk and ESG risks. The key outstanding risk is the risk of insolvency of the insurer.

Compliance

The Trustees confirm that they have received and considered written advice from Spence on the establishment and implementation of their investment strategy.

The Trustees confirm that they have consulted with the Company regarding their strategy. Copies of this statement and any subsequent amendments will be made available to the Company, the insurer, the Scheme Actuary and the Scheme auditor upon request.

The Trustees will monitor compliance with this Statement annually. This will include a review of the suitability of the investment strategy on an ongoing basis and consideration of the continued suitability of the insurer.

NAME (block capitals) Lukshmi Selvarajah

Signed [redacted]

Trustee

Signed for and on behalf of the Trustees of the LS Starrett Company Limited Retirement Benefits Scheme

Date of Signing: 12/12/2025

QAS Institute and Faculty of Actuaries Quality Assurance Scheme

SPENCE

Belfast
Linen Loft
27-37 Adelaide Street
Belfast BT2 8FE

T: +44 (0)28 9041 2000

Bristol
Spaces Castle Park
Programme Building
The Pithay, Bristol, BS1 2NB

T: +44 (0)117 959 5002

Glasgow
The Culzean Building
36 Renfield Street
Glasgow G2 1LU

T: +44 (0)141 331 1004

London
46 New Broad Street
London
EC2M 1JH

T: +44 (0)20 7495 5505

Manchester
St James Tower
7 Charlotte Street
Manchester M1 4DZ

T: +44 (0)161 641 6312

Birmingham
Edmund House
12-22 Newhall Street
Birmingham B3 3AS

T: +44 (0)121 389 2314

Leeds
Princes Exchange Princes
Square, Leeds
West Yorkshire LS1 4HY

T: +44 (0)113 426 4487

spenceandpartners.co.uk