

TEX HOLDINGS PLC PENSION SCHEME

IMPLEMENTATION REPORT RE STATEMENT OF INVESTMENT PRINCIPLES

1. The Trustees are mindful of their obligations as Stewards of the Pension Scheme, in particular with regard to corporate governance and investment policy. Regular discussions and formal meetings are held in this context.
2. The Trustees carefully monitor the balance of investments within the portfolio, having regard to different types of security, such as equities, bonds, cash deposits etc.
3. The Trustees monitor changes in the performance of these different classes of investment security in order to achieve the targeted risk-adjusted returns.
4. The Trustees pay close attention to the balance of growth investments with low income yield, and income producing securities with regular dividend flow - in order to meet the twin objectives of eradicating the funding deficit, and matching investment income with pensions in payment.
5. It follows from this that the Trustees seek to ensure that adequate cash balances are maintained to ensure risk-free continuity of monthly payments to pensioners.
6. The Trustees also pay due regard to fiscal matters, noting that tax paid in certain foreign jurisdictions may not be recoverable, thus affecting the nett yield to the fund.
7. It remains core policy to hold Sterling denominated assets to match the pension liabilities of the Fund which are exclusively in Sterling. The Trustees consider it prudent to have a modest exposure to certain strong overseas currencies such as the US Dollar and the Swiss Franc - both to provide diversification and mitigate risk.
8. The Trustees have noted the increasing emphasis being placed on so called ESG factors (ethical, social, governance) and pay due regard to these issues when selecting and monitoring investments within the portfolio.
9. The Trustees enjoy a positive relationship with the principal stockbroker to the Scheme, Redmayne Bentley, and closely monitor the associated costs of business transactions.
 - 9.1 All of the Tex Pension Fund equity investments are held in a nominee account with stockbroker Redmayne Bentley. As such, the Trustees do not as a rule receive data on corporate voting issues. The Trustees do

receive options on tender offers and share buybacks etc from time to time and usually reject these, preferring to retain the shareholdings.

- 9.2 The investment policy is to invest in well run & successful companies and support the incumbent managements. Where the Trustees are not in agreement with investee policies or financial results, the policy is to sell that particular holding. As a relatively small pension fund with limited resources, The Trustees do not regard it as practical to participate in each and every corporate vote, and it would have marginal impact if we did so.
10. In overall terms, the Trustees accept their responsibility to ensure that the Statement of Investment Principles is relevant and up to date with the needs of the Scheme and appropriate legislation, and further that the implementation achieves the necessary/targeted financial returns having regard to risk management and secure longevity of the Scheme for current and future pensioners.
 - 10.1 As regards regular monitoring of the Implementation Statement on Investment Policy, the Trustees hold regular meetings and scrutinize the equity investments, particularly sales & purchases. Notably, the Trustees look at the equity investment portfolio in the context of achieving the financial returns necessary to pay current and future pensions.

Agreed by the Trustees
24.09.2021