

The Maybourne Hotels Group Pension and Life Insurance Scheme

Statement of Investment Principles

November 2025

1 Introduction

This Statement sets out the principles governing decisions relating to the investment of the assets of the Maybourne Hotels Group Pension and Life Insurance Scheme (the Scheme). The Scheme is subject to the Statutory Funding Objective (SFO) introduced by the Pensions Act 2004, i.e. that it should have sufficient and appropriate assets to cover its Technical Provisions, as calculated in accordance with the Trustees' Statement of Funding Principles.

This Statement has been prepared in line with the following legislation and regulations:

- Section 35 of the Pensions Act 1995
- Section 244 of the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005
- The Pension Protection Fund (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2018
- The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019

A copy of this Statement will be made available to Scheme members on request to the Trustees.

2 Decision Making Process

The Trustees

The investment of the Scheme's assets is the responsibility of the Trustees, and the Scheme Rules give the Trustees broad powers on investment. There are no restrictions (however expressed) on any power to make investments by reference to the consent of the Employer.

The Trustees' policy is to seek professional advice on investment strategy. They decide on the investment strategy after considering investment advice from the Investment Consultant. The Trustees recognise that their level of investment expertise must be kept under review in order to be able to critically evaluate this advice.

The Trustees meet regularly and ensure that adequate time is set aside to discuss investment issues. In determining their investment strategy, the Trustees address the following:

- the need to consider a full range of asset classes,
- the risks and rewards of a range of alternative asset allocation strategies,
- the suitability of each asset class,
- the need for appropriate diversification, and
- the Scheme's Investment and Funding Objectives.

The Investment Consultant

The Investment Consultant advises on an investment strategy appropriate to the investment objectives. This advice is provided after each formal actuarial valuation and on a regular basis between formal valuations. The Investment Consultant also monitors and reports on the performance of the Investment Managers.

The Investment Consultant is paid a fee for their advice and their appointment is reviewed from time to time by the Trustees.

Broadstone Corporate Benefits Limited has been appointed as Investment Consultant to the Trustees, on the basis that the Trustees believe them to be suitably qualified and have the appropriate knowledge and experience of the management of the investments of such schemes.

Broadstone Corporate Benefits Limited is authorised and regulated by the Financial Conduct Authority.

The Employer

The Trustees will consult with the Employer as part of the process for deciding on their investment strategy.

Delegation

The Trustees have a policy of delegating all day-to-day powers of investment to the Investment Managers who are authorised and regulated by the Financial Conduct Authority.

The safe custody of the Scheme's assets is delegated to professional custodians via the use of pooled vehicles.

3 Investment Objectives

Funding Objective

The primary funding objective of the Scheme is to ensure, as far as possible, that there are sufficient assets to provide benefits to the Scheme members as and when these fall due.

Investment Objectives

The Trustees' high level objectives with regard to investing the Scheme assets are to:

- achieve a return which is sufficient, over the longer term, to meet the Funding Objective.
- adopt an approach that recognises the need to balance risk with the achievement of a satisfactory investment return.

Performance Objective

The Investment Managers have each been set Performance Objectives to achieve returns in line with, or in excess of, a benchmark.

4 Investment Strategy

The most recent investment strategy review was conducted and implemented in the third quarter of 2025.

Given their investment objectives, the Trustees agreed the following asset allocation as at 31 May 2025:

	Asset Allocation
Corporate Bonds	26.3%
Government Bonds and Cash	73.7%
Total	100%

The assets are held in a combination of pooled funds and are fully and readily realisable.

The Trustees agreed the investment strategy taking into account the nature and term of the liabilities and after having achieved their target to be fully funded on the buy-out basis by 31 March 2025. The Trustees are satisfied that the strategy is consistent with their investment objectives.

Details of the funds in use by the Scheme and the asset allocation proposal dated June 2025 are set out in the Appendix.

The Trustees may, from time to time, decide to change the funds used within the overall investment strategy and the investment allocation between the funds, as alternatives emerge, funds change, and the Scheme develops.

5 Cash flow and Rebalancing

New money will be invested (or disinvestments required for cash flow made) on a basis which takes account of the proportion of matching assets and corporate bonds in the investment strategy, and the interest rate and inflation rate hedging levels of the Scheme.

The Trustees will monitor the Scheme’s actual asset allocation on a regular basis and will decide on a course of action, which may involve redirecting cash flows, a switch of assets, or taking no action, taking into account advice from the Investment Consultant.

6 Expected Return

The Trustees expect the investment strategy outlined above to provide a return on assets that is consistent with the investment and funding objectives.

In July 2025, the Trustees agreed a new investment strategy. The Trustees expect the investment strategy to generate an expected return of 0.4% per annum (net of expenses) above the returns on UK government bonds.

The Trustees recognise that, over the short term, performance may deviate from this longer-term expectation.

7 Investment Managers

The Trustees utilise two investment managers to manage the assets of the Scheme. The Investment Managers are regulated under the Financial Conduct Authority.

The Trustees entered into a contract with M&G Investments in April 2020 and L&G in April 2022.

The Trustees have decided to invest in pooled funds, other collective investment vehicles, and cash. The Scheme does not invest directly in stocks, shares, bonds, derivatives etc.

The Trustees have decided to invest in pooled funds because:

- the Scheme is not large enough to justify direct investment in equities or bonds on a cost-effective basis;
- pooled funds allow the Scheme to invest in a wider range of assets, which serves to reduce risk; and
- pooled funds provide a more liquid form of investment than certain types of direct investment.

The investment managers appoint individual custodians to hold the securities owned by the Scheme.

8 Investment Monitoring

The Trustees employ Broadstone to assist in monitoring the performance of the Scheme's investment strategy and Investment Managers.

The Investment Managers provide the Trustees with monthly valuations for their funds.

The investment managers attend Trustee meetings when requested by the Trustees in order to report on their activity and performance, to outline their views on future investment conditions and to answer any questions the Trustees may have.

The Investment Consultant will provide periodic advice to the Trustees commenting on performance and asset allocation.

The Investment Managers will supply the Investment Consultant with sufficient information when requested in order to monitor financial and non-financial performance.

9 Portfolio Turnover Costs

The Trustees expect the Investment Managers to change underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.

The Trustees therefore do not set a specific portfolio turnover target for their strategy or the underlying funds.

The Investment Managers when requested by the Investment Consultant shall provide information on portfolio turnover and associated costs so that this can be monitored, as appropriate.

10 Corporate Governance

The Trustees accept that by using pooled investment vehicles the day-to-day application of voting rights will be carried out by the investment managers. Consequently, the Trustees expect the Scheme’s Investment Managers to adopt a voting policy that is in accordance with best industry practice.

11 Responsible Investment and stewardship

The Trustees believe that in order to protect and enhance the value of the investments, during the period over which the benefits are paid, they must act as a responsible asset owner.

The Scheme is also comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustees therefore do not explicitly seek to reflect any specific views through the implementation of the investment strategy, both financial and non-financial.

The Trustees’ policies in respect of responsible investment are set out below:

Policy	
Financially Material Considerations	<p>The Trustees believe that the consideration of financially material Environmental (including climate change), Social and Governance (ESG) factors in investment decision making can lead to better risk adjusted investment returns over the time horizon of the Scheme. The Trustees adopts the following approach in relation to the Scheme’s investment strategy:</p> <ul style="list-style-type: none">• In relation to funds where the investment manager is permitted to make active decisions about the selection, retention and realisation of investments the Trustees expect the Manager, when exercising discretion in investment decision making, to take financially material ESG factors into account where permissible within applicable guidelines and restrictions.• On an ongoing basis the Trustees (delegating to the Investment Consultant where appropriate) assess the ESG integration capability of its investment managers and will periodically review the indices employed in index-tracking (passive) mandates.

Policy	
Non-Financially Material Considerations	Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustees believe these should not drive investment decisions. The Trustees expects the Investment Manager, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.
Engagement and Voting Rights	The Trustees' voting and engagement policy is to use their investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustees believe that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of their investments and is in the members' best interests. The Trustees will aim to monitor the actions taken by the investment managers on their behalf and if there are significant differences from the policy detailed above, they will escalate their concerns which could ultimately lead to disinvesting their assets from the manager.
Capital Structure of Underlying Companies	Responsibility for monitoring the capital structure of investee companies is delegated to the Investment Managers. The Trustees expect the extent to which the Investment Manager monitors capital structure to be appropriate to the nature of the mandate.

12 Conflicts of Interest

The Trustees maintain a separate conflicts of interest policy and register.

Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the Investment Managers, while also setting out a process for their management.

13 Incentivisation of Investment Managers

The Investment Managers are primarily remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund.

The Trustees do not directly incentivise the Investment Managers to align the approach they adopt for a particular fund with the Trustees' policies and objectives. Instead, the Investment Managers and the funds are selected so that, in aggregate, the returns produced are expected to meet the Trustees' objectives.

Neither do the Trustees directly incentivise the Investment Managers to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustees expect such assessment of performance and engagement

to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Scheme.

14 Employer Related Investments

The Trustees' policy is not to hold any employer-related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005.

15 Risks

The Trustees recognise that a number of risks are involved in the investment of the assets of the Scheme. They have identified the following principal risks which have the potential to cause deterioration in the Scheme's funding level:

- **Solvency risk:** The risk that the fund has insufficient assets to meet all its liabilities as they fall due.
- **Mismatching risk:** The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors.
- **Manager risk:** The failure by the investment managers to achieve the rates of investment return assumed.
- **Liquidity risk:** The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities.
- **Custodian risk:** The risk of failed or inadequate performance by the custodian.
- **Concentration Risk:** The risk that the performance of any single investment that constituted a large proportion of the assets would disproportionately influence the overall level of assets.
- **Political risk:** The financial risk that a country's government will suddenly change its policies.
- **Sponsor risk:** The possibility of failure of the Scheme's sponsoring employers.
- **Counterparty risk:** The risk that other parties in any trade or position will default, i.e. will renege on their contractual obligations, resulting in a financial loss to the Scheme. This is particularly the case for LDI. This risk is reduced by the receipt of collateral/margin to cover the exposure to each counterparty, but this does not entirely mitigate the risk of counterparty default.
- **Derivative risk:** Investing in derivatives carries the risk of substantial loss and / or increased volatility in adverse market conditions. The funds use derivatives extensively, some of which may become difficult to purchase or sell in such market conditions.
- **Liquidity risk (derivative specific):** In the event that there is a significant reduction in liquidity within the relevant derivative market(s), the value of the funds may be materially affected as the cost of funding increases. A reduction in liquidity could occur as a result of reduced appetite for

derivative transactions across counterparty banks, which could occur for a variety of reasons, including market distress and/or increased regulatory pressure on banks to hold more capital/liquid assets on their balance sheets for these types of trades.

- **Investments or withdrawals:** It may not be possible to deal economically with investments or withdrawals in a single day due to market conditions.
- **Contractual settlement risk (LDI funds):** The use of repos within the funds relies on the custodian continuing to provide contractual settlement. If the custodian can no longer provide this service then the funds may have to close prior to the specified maturity date.
- **Leverage risk (LDI funds):** The funds are leveraged which will multiply the exposure of each fund to certain assets, therefore amplifying the consequences of a move in the value of the fund.

Due to the complex and interrelated nature of these risks, the Trustees consider the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review. Some of these risks may also be modelled explicitly during the course of such reviews.

The policy of the Trustees is to monitor, where possible, these risks on a regular basis. The Trustees therefore consider:

- The actual funding level versus the Statutory Funding Objective.
- Actual performance versus the Scheme's investment and funding objectives.
- Investment managers' performance versus their respective benchmarks and targets.
- Any significant issues with the investment manager that may impact their ability to meet investment performance objectives set by the Trustees.

16 Fee Structures

The Investment Managers are paid a management fee on the basis of assets under management. The Investment Consultant is paid on a project basis which may be a fixed fee or based on time cost, as negotiated by the Trustees in the interests of obtaining best value for the Scheme.

The appropriateness of the Investment Managers' remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise a manager has had in meeting its objectives, both financial and non-financial.

17 Best Practice Principles

In October 2008 the Government published the results of its consultation on revisions to the Myners’ principles in response to recommendations made by the National Association of Pension Funds (NAPF) in 2007. This takes the form of six high level ‘Best Practice’ principles set out below, supported by best practice guidance and trustee tools that can be used to assess compliance.

- 1. Effective decision-making
- 2. Clear objectives. Risk and Liabilities
- 4. Performance assessment
- 5. Responsible ownership
- 6. Transparency and Reporting

The Trustees periodically review their compliance with the best practice Principles. The Trustees believe that they comply with the spirit of the Principles. There may be some instances of deviation from the published Best Practice Guidance’ on the Principles where the Trustees believe this to be justified.

18 Review of this Statement

The Trustees will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change will only be made after having obtained and considered the written advice of someone who the Trustees reasonably believe to be qualified by their ability in and experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

This statement has been agreed by the Trustees 18 November 2025.

Signed on behalf of the Trustees of the Maybourne Hotels Group Pension and Life Insurance Scheme:

Signature.....

<u>Version</u>	<u>Date</u>	<u>Comment</u>
Version 1	October 2016	Revision to format of SIP Revised strategy to include LDI
Version 2	September 2019	Revision to include ESG policy
Version 3	August 2020	Revised strategy and ESG update
Version 4	October 2023	Revised strategy and ESG update
Version 5	February 2025	Revised strategy
Version 6	November 2025	Revised strategy

Appendix A Investment Strategy Implementation Summary

A.1 Target Asset Allocation

The Target Asset Allocation for the Scheme's assets is as follows:

Asset Class	Target Asset Allocation
Corporate Bonds	26.3%
Government Bonds and Cash	73.7%
Total	100%

The balance between the gilt funds, index-linked gilt funds and corporate bond funds will vary over time. The target is based on market conditions as at 31 May 2025.

A.2 Strategies and Funds

The Trustees use the following funds operated by the Investment Manager:

Asset Class	Funds
Corporate bonds	M&G All Stocks Sterling Credit Fund M&G Long Dated Sterling Credit Fund L&G Active Corporate Bond – Over 10 Year – Fund
Government bonds and cash	L&G Over 15 Year Gilts Index Fund L&G Over 15 Year Index-Linked Gilts Index Fund L&G All Stocks Gilts Index Fund L&G All Stocks Index-Linked Gilts Index Fund L&G 5-15 Year Gilts Index Fund L&G Over 5 Year Index-Linked Gilts Index Fund L&G Cash Fund

A.3 Target Hedging Ratios

The target hedging ratios against the interest rate risk and inflation risk associated with the Scheme's buy-out liabilities are summarised below:

	Target Hedging Ratio
Nominal interest rates	100%
Real interest rates	100%

A.4 Fund Performance Benchmarks and Objectives

The benchmarks and objectives for the funds currently in use are set out in the table below.

Fund	Benchmark	Investment Objective
M&G All Stocks Corporate Bond Fund	iBoxx Sterling Non-Gilts Index	To outperform the benchmark by 0.80% per annum gross of fees on a rolling three-year basis.
M&G Long Dated Corporate Bond Fund	iBoxx Sterling Over 15 Years Non-Gilts Index	To outperform the benchmark by 0.80% per annum gross of fees on a rolling three-year basis.
L&G Active Corporate Bond – Over 10 Year – Fund	iBoxx Sterling Non-Gilts Over 10 Years Index	Outperform the benchmark through active management of credit risk
L&G Over 15 Year Gilts Index Fund	FTSE Actuaries UK Conventional Gilts Over 15 Years Index	Track the benchmark to within +/-0.25% p.a. for two years out of three.
L&G Over 15 Year Index-Linked Gilts Index Fund	FTSE Actuaries UK Index Linked Gilts Over 15 Years Index	Track the benchmark to within +/-0.25% p.a. for two years out of three.
L&G All Stocks Gilts Index Fund	FTSE Actuaries UK Gilts All Stocks Index	Track the benchmark to within +/-0.25% p.a. for two years out of three.
L&G All Stocks Index-Linked Gilts Index Fund	FTSE Actuaries UK Index Linked Gilts All Stocks Index	Track the benchmark to within +/-0.25% p.a. for two years out of three.
L&G 5-15 Year Gilts Index Fund	FTSE Actuaries UK Gilts 5-15 Years Index	Track the benchmark to within +/-0.25% p.a. for two years out of three.
L&G Over 5 Year Index-Linked Gilts Index Fund	FTSE Actuaries UK Index Linked Gilts Over 5 Years Index	Track the benchmark to within +/-0.25% p.a. for two years out of three.

L&G Cash Fund	SONIA (Sterling Overnight Index Average)	Perform in line with the benchmark, without incurring excessive risk
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A.5 Investment Management Charges

The annual management charges for each of the funds used, based on the assets under management at the date of this Statement, are given below:

Fund	Annual Management Charge
M&G All Stocks Sterling Credit Fund M&G Long Dated Sterling Credit Fund	0.180% p.a.
L&G Active Corporate Bond –Over 10 Year –Fund	0.250% p.a.
L&G Over 15 Year Gilts Index Fund L&G Over 15 Year Index-Linked Gilts Index Fund L&G All Stocks Gilts Index Fund L&G All Stocks Index-Linked Gilts Index Fund L&G 5-15 Year Gilts Index Fund L&G Over 5 Year Index-Linked Gilts Index Fund	0.075% p.a.
L&G Cash Fund	0.125% p.a.

L&G also charge a flat fee of £1,500 per annum, which falls to £1,000 per annum should the asset value exceed £10 million.