

Lyreco (UK) Pension Fund (the 'Scheme')

Statement of Investment Principles ('SIP')

1. Scope of Statement

This Statement has been prepared in accordance with the Pensions Act 1995, as amended in 2004, and the Occupational Pension Schemes (Investment) Regulations 2005, as amended in both 2018 and 2019. The Trustees comply with the requirements to maintain, take advice and consult with the employer on the SIP and with the disclosure requirements.

This Statement sets out the principles governing decisions about the investment of the assets of the Scheme. The effective date of this statement is 18 December 2025. The Trustees will review this Statement and the Scheme's investment strategy no later than three years after the effective date of this Statement and as soon as is practical after any significant change in investment policy.

The Trustees are responsible for the investment strategy of the Scheme. They have obtained and considered written advice on the investment strategy appropriate for the Scheme. The Trustee has consulted with the employer, Lyreco UK Limited prior to writing this Statement and will take the employer's comments into account when they believe it is appropriate to do so. They have also obtained advice on the preparation of this Statement from Aon Investments Limited (AIL), who are authorised and regulated by the Financial Conduct Authority.

A copy of this Statement is available to the members of the Scheme upon request and will also be made available on a public website.

The day-to-day management of the Scheme's assets has largely been delegated to Aon Investments Limited ("AIL"). A copy of this Statement has been provided to the appointed investment manager.

2. Investment Objective

The objective of the investment strategy is to ensure that the Scheme's assets and future contributions are invested in such a manner that the benefits due to members and their beneficiaries can be paid from the Scheme as they arise. The strategy is intended to target a return of gilts plus 1.5% p.a.

3. Strategy and Implementation

The Trustees have decided to invest the Scheme's assets in Aon's solution called "Fruition". AIL, who are authorised and regulated by the Financial Conduct Authority, manage the Scheme's assets in a range of funds which can include multi-asset, multi-manager and specialist third party liability matching funds. AIL conduct the necessary day to day management of the funds required to meet the Trustees' objectives.

Within the Fruition solution, the Scheme's assets can be allocated to up to five different funds as detailed in the table below. The Nominal and Real funds contain exposure to both diversified return-seeking assets and liability hedging instruments. To the extent that the Scheme invests in one of the four funds containing liability hedging instruments, interest rate and inflation protection is provided across the value of those assets. The protection provided is based on the profile of a typical pension scheme's liabilities.

Investment	Objective	Return Target
Adept 20 Nominal +2% Fund	A mixture of diversified return-seeking assets and investments designed to match a typical pension scheme's nominal liabilities.	Liability Benchmark ⁽¹⁾ +2% p.a.
Adept 21 Real +2% Fund	A mixture of diversified return-seeking assets and investments designed to match a typical pension scheme's real liabilities.	Liability Benchmark ⁽¹⁾ +2% p.a.
Adept 22 Nominal +1% Fund	A mixture of diversified return-seeking assets and investments designed to match a typical pension scheme's nominal liabilities.	Liability Benchmark ⁽¹⁾ +1% p.a.
Adept 23 Real +1% Fund	A mixture of diversified return-seeking assets and investments designed to match a typical pension scheme's real liabilities.	Liability Benchmark ⁽¹⁾ +1% p.a.
Adept 29 Diversified Liquid Credit Strategy	Invests in a diversified mix of credit strategies that deliver returns through making long-only investments in credit markets and collecting the income from these assets. Focuses on providing exposure to high-quality, low risk credit assets in a cost-efficient manner.	SONIA ⁽²⁾ +1.5% p.a.

(1) The manager will calculate a notional benchmark which reflects the underlying gilts held to match a typical pension scheme's liability profile with around 15-16 year duration depending on the Fixed or Real fund in question.

(2) SONIA is the effective reference for overnight indexed swaps for unsecured transactions in the Sterling market

Strategic Asset Allocation

The Scheme's investment strategy at outset has been established as laid out below. The Scheme's actual position relative to this asset allocation strategy is to be reviewed from time to time in order to determine whether any rebalancing is required.

Investment	Weight (%)
Nominal +2% Fund	16.5%
Real +2% Fund	24.5%
Nominal +1% Fund	17.5%
Real +1% Fund	25.5%
Diversified Liquid Credit Fund	16.0%

Investments into and disinvestments from the Scheme will also typically be made in the proportions set out above. However, this is subject to variation from time-to-time.

4. Risk Measurement and Management

The Trustees recognise that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustees have identified a number of risks which have the potential to cause a deterioration in the Scheme's funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustees and their advisers considered this mismatching risk when setting the investment strategy and have specifically structured the Scheme's assets so as to mitigate this risk.

- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities ("cash flow risk"). The Trustees and their advisers will manage the Scheme's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by the fund managers to achieve the performance targets set by the Trustees relative to the benchmark ("manager risk"). This risk is considered by the Trustees and its advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustees and their advisers considered this risk when setting the Scheme's investment strategy.
- The possibility of failure of the Scheme's sponsoring employer ("covenant risk"). The Trustees and their advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustees have sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

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 investment strategy review.

5. Responsible Investment and Corporate Governance

Environmental, Social and Governance ('ESG') considerations

The Trustees have appointed AIL to manage the Scheme's assets. References in this Statement to 'asset manager' refer to AIL or any other direct investments that the Trustees may make from time to time. AIL invests in a range of underlying investment vehicles.

The Trustees consider investment risk to include ESG factors and climate change. These risks could negatively impact the Scheme's investments.

As part of AIL's management of the Scheme's assets, the Trustees expect AIL to:

- Where relevant, assess the integration of ESG factors in the investment process of underlying managers;
- Use its influence to engage with underlying managers to ensure the Scheme's assets are not exposed to undue risk; and
- Report to the Trustees on its ESG activities as required.

Stewardship – Voting and Engagement

The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as this ultimately creates long-term financial value for the Scheme and its beneficiaries.

The Trustees have delegated all voting and engagement activities to the Scheme's investment managers, via AIL. The Trustees accept responsibility for how the manager stewards assets on its behalf, including the casting of votes in line with each managers' individual voting policies. The Trustees review manager voting and engagement policies on an annual basis from AIL to ensure they are in line with their expectations and in the members' best interests.

The Trustees annually review the stewardship activity of the asset manager to ensure the Scheme's stewardship policy is being appropriately implemented in practice. The Trustees receive annual reports on stewardship activity carried out by their asset manager, which include detailed voting and engagement information from underlying asset managers.

Where possible, the transparency for voting should include voting actions and rationale with relevance to the Scheme.

The Trustees recognise that their collaborative behaviours can further work to mitigate the risks we have identified above, for the Scheme.

The Trustees may engage with their asset manager, who in turn is able to engage with underlying asset managers, investee company or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance. Where a significant concern is identified, the Trustees will consider, on a case-by-case basis, a range of methods by which they would monitor and engage so as to bring about the best long-term outcomes for the Scheme.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy, the Trustees do not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"¹).

Direct investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased without a contract, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The Trustees' policy is to review the Scheme's direct investments and to obtain written advice about them from time to time. These include vehicles available for members' Additional Voluntary Contributions (AVCs). The Trustees have full discretion as to the appropriate vehicles made available for AVCs. When deciding whether or not to make any new investments, the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this Statement. The regulations require all investments to be considered by the Trustees (or, to the extent delegated, by the fund manager) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustees delegate the ongoing monitoring of underlying asset managers to AIL. AIL monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the underlying asset managers are aligned with the investment objectives. This includes monitoring the extent to which the underlying asset managers:

¹ The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

Before appointment of a new asset manager, the Trustees review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustees' policies. Where possible, the Trustees will seek to amend that documentation or express their expectations (such as through side letters, in writing, or verbally at Trustees' meetings) so that there is more alignment.

The Trustees believe that having appropriate governing documentation, setting clear expectations to the asset manager, and regular monitoring of the asset manager's performance and investment strategy, is sufficient to incentivise the asset manager to make decisions that align with the Trustees' policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where the asset manager is considered to make decisions that are not in line with the Trustees' policies, expectations, or the other considerations set out above, the Trustees will typically engage with the asset manager to understand the circumstances and materiality of the decisions made.

There is typically no set duration for arrangements with the asset manager, although the continued appointment will be reviewed periodically. Similarly, there are no set durations for arrangements with the underlying asset managers that AIL invests in, although this is regularly reviewed as part of the manager research and portfolio management processes in place.

The Trustees review their SIP at least every three years and immediately following any significant change in investment policy. The Trustees take investment advice and consults with the sponsoring employer over any changes to the SIP.

6. Costs and transparency

The Trustees are aware of the importance of monitoring their asset managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustees recognise that in addition to annual management charges, there are other costs incurred by asset managers that can increase the overall cost incurred by their investments.

The Trustees receive annual cost transparency reports from AIL. These reports present information in line with prevailing regulatory requirements. They clearly set out on an itemised basis:

- The total amount of investment costs incurred by the Scheme, including any charges incurred through the use of pooled funds (custody, admin, audit fees etc);
- The fees paid to AIL;
- The fees paid to the investment managers appointed by AIL; and
- The amount of portfolio turnover costs (transaction costs) incurred by the investment managers appointed by AIL.

The Trustees define portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the funds of the investment managers appointed by AIL. These are incurred on an ongoing basis and are implicit within the performance of each fund.

The Trustees acknowledge that portfolio turnover costs are a necessary cost to generate investment returns and that the level of these costs varies across asset classes and manager. The asset manager monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the underlying investment managers.

The Trustees benefit from the economies of scale provided by the asset manager in two key cost areas:

- The ability of AIL to negotiate reduced annual management charges with the appointed investment managers; and

- The ability of AIL to monitor ongoing investment costs (including additional fund expenses and portfolio turnover) incurred by the investment managers and achieve efficiencies where possible.

The Trustees assess the (net of all costs) performance of their asset manager on a rolling three-year basis. It is the Trustees' view that long-term performance, net of fees, is the most important metric on which to evaluate their asset managers.

Signed on behalf of the Trustee of the Lyreco (UK) Pension Fund

DIANE FULLWOOD
Name (print)

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Signature

18/12/2025
Date