REXAM PENSION PLAN

Statement of Investment Principles

1 Introduction

This Statement of Investment Principles ("SIP") has been prepared by Rexam Pension Trustees Limited, the Trustee of the Rexam Pension Plan (the "Plan") to comply with relevant legislation and best practice guidelines. The SIP outlines the principles and policies governing investment decisions made by or on behalf of the Trustee in the management of the Plan's assets.

This SIP has been prepared after obtaining and considering written advice from LCP, our investment adviser, whom we believe to be suitably qualified and experienced to provide such advice. Whilst ultimate power and responsibility for deciding investment principles lies solely with the Trustee in preparing the SIP, the Trustee consults with the Sponsoring Employer and seeks advice from the Plan's investment consultant and its actuary.

The Trustee reviews the SIP at least every three years and after any significant change in investment approach. This SIP replaces the previous SIP dated 25 July 2024.

2 Investment Objective

The Trustee's objective is to secure member benefits via a financially secure insurance company which is authorised by the Prudential Regulation Authority ("PRA") and regulated by the PRA and the Financial Conduct Authority ("FCA"). The Trustee has decided to do this by purchasing a bulk annuity policy with Rothesay Life plc ("Rothesay Life"). It also holds residual assets in either gilt or index-linked gilt funds (as appropriate) and a money market fund under an agreement with Schroder Pension Management Limited ("SPML").

The Trustee's objective is to wind up the Plan in due course.

3 Investment Strategy

In November 2023, the Trustee purchased a bulk annuity policy with Rothesay Life to cover members' benefits. The bulk annuity remains an asset of the Plan. The Plan's residual assets are managed by Schroders under a policy with SPML. A cash balance is also held in the Trustee's bank account.

The majority of the residual assets will be used to cover the Plan's expenses until the Plan is in a position to wind up. There are also still some uninsured liabilities that the Trustee will manage until wind up.

4 Considerations in setting the investment arrangements and investment beliefs

In determining the investment arrangements for the Plan, having considered a range of factors such as the funding position of the Plan, risk management and the employer's views, the Trustee decided that it was in the best interests of the members to secure their benefits via a bulk annuity policy.

The Trustee has established a set of investment beliefs concerning investment risk and returns, which provides a transparent framework for consistent decision-making. These beliefs act as a guide to enable effective delivery of all investment matters.

5 Implementation of the investment arrangements

Management of the Plan's assets is the responsibility of the Trustee, which determines its investment objective, its asset allocation and its risk budget.

The Trustee's view is that the fees paid to the investment manager, and the possibility of its mandate being terminated, ensure it is incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the Plan. However, in practice the investment manager cannot fully align its strategy and decisions to the (potentially conflicting) policies of all its pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the manager's investment approaches is consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects the investment manager, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve its performance. It assesses this when selecting and monitoring the manager.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. The duration of the manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate the mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate its investment manager by reference to the manager's performance as well the role it plays in helping the Plan meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. The manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers.

The Trustee's administrators arrange cash transfers from the Plan's investment manager to the Trustee's bank account to pay benefits and other administration costs.

6 Advisers

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments. The Trustee has limited influence over its bulk annuity policy provider's investment practices, but it encourages its provider to improve their practices where appropriate.

In making any asset changes the Trustee can use the services of advisers such as transition managers and can use investments or instruments such as derivatives as a means to facilitate change and for efficient implementation, including risk and cost control, in a way that it considers appropriate.

The Trustee reviews the investments it retains from time to time. In doing so it takes account of advice received from the Plan's advisers regarding the appropriate intervals for review and notes that these may vary according to the investment product/asset class.

The bulk annuity provider's responsibility is to meet the benefits secured under the bulk annuity contract accurately and on a timely basis.

7 Sponsoring Employer and the IRM framework

The Trustee considers the strength of the employer covenant as well as the Plan's funding position and the agreed level of employer contributions when setting and structuring its investment objectives and strategy.

8 Communications

Members are made aware of the availability of this document and any subsequent amendments. The latest approved version of this document is on the Plan's website.

9 Business Plan

The Trustee maintains a governance plan, which provides further detail on the processes and structure in place governing the Plan's investments.

10 Consideration of financially material and non-financial matters

The Trustee has considered how environmental, social, governance (“ESG”) and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Plan and its members.

The Trustee influences the Plan’s approach to ESG and other financially material factors through its investment strategy and manager selection decisions. The Trustee expects its investment manager to take account of financially material considerations (including climate change and other ESG considerations) within the parameters of the mandate it is set. The Trustee seeks to appoint a manager with the appropriate skills and processes to do this, and from time to time reviews how its manager is taking account of these issues in practice.

The Trustee encourages its manager to improve its ESG practices, although it acknowledges that it has limited influence over the manager’s investment practices where assets are held in pooled funds and that the parameters of some pooled funds may limit the scope for significant ESG factors.

The Trustee does not consider matters that are purely non-financial in nature (e.g. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments. However, the line between financial and non-financial factors is not always clear kept and some non-financial factors that may not immediately present as financially material may have the potential to become so in the future. The Trustee keeps this under review as part of our overall consideration of ESG considerations.

11 Stewardship, Voting and Engagement

The Trustee recognises its responsibilities as an owner of capital and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protects and enhances the long-term value of investments and is in the best interest of the Plan’s members.

The Trustee has delegated to its investment manager the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interests, risks and ESG considerations. The Trustee expects the manager to undertake voting and engagement in line with its stewardship policies, considering the long-term financial interests of investors.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. The Trustee expects its investment manager to exercise ownership rights and undertake monitoring and engagement in line with the manager’s general policy on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustee has limited influence over stewardship practices where assets are held in pooled funds, but encourages its manager to improve its practices where appropriate.

12 Additional Voluntary Contributions and Transfer-in Plans

The Plan provides Additional Voluntary Contributions (AVC) for members to enhance their retirement benefits (note: other sections of the SIP also apply to the AVC policies -particularly sections 10, 11, 16, 17 and 18).

The Trustee has selected a range of funds provided by Aviva under an investment-linked insurance policy in which members can choose to invest. The Trustee's main objective for AVC policies is to provide a broad range of investment options designed to give members the freedom to structure their own investments to suit their individual risk, return, liquidity and retirement planning preferences. The Trustee has selected a range of self-select funds and a lifestyle strategy to meet this investment objective. The Trustee has the right to change the arrangements available for AVC investment and it reviews those arrangements regularly. For details of the current range these can be found within the investment guide on the Plan's website at www.rexampensionplan.co.uk/updates-and-reports

When members commenced paying AVCs they were asked to make their own investment choice. However, when making changes to the investment options following a 2021 investment strategy review, the Trustee put in place a default mapping strategy for members who did not make an alternative investment decision at this time. As a result, the Cash Targeting Lifestyle ("CTL") strategy is now treated as a "default investment arrangement". CTL comprises:

- A growth phase, where members are invested wholly in a passive global equity fund in which returns are expected to grow ahead of inflation over the longer term.
- A consolidation phase, where members' investments are progressively switched into lower risk investments (a cash fund, selected to provide capital protection and perform in line with institutional interest rates) in the eight years period prior to a member's target retirement age.

This is with the expectation that members within the CTL will take their AVCs as part of their overall Plan tax-free cash entitlement.

The Trustee designed the CTL in conjunction with its investment advisers having given consideration to the AVC membership and the retirement outcome needs and risk tolerance of the membership. If the Trustee decides to make further changes to the AVC investment range this may mean that further options are treated as "default arrangements". The Trustee's investment advisers will provide advice to the Trustee on the suitability of these options and will review them on a regular basis.

The CTL does not include an allocation to illiquid assets (i.e. investments which cannot easily or quickly be sold or exchanged for cash). The Trustee understands that long-term risk-adjusted net investment returns may be improved by investing in illiquid assets. However, given the Trustee's objective to wind up the Plan in due course, the Trustee does not believe it appropriate to introduce illiquid investments into the CTL.

13 Trustee-held annuities

In November 2023, the Trustee successfully entered into a bulk annuity contract with Rothesay Life to insure the majority of the Plan's liabilities.

14 Asset allocation guidelines

The Plan hedges its uninsured liabilities through an investment in index-linked gilts, with the remaining assets invested in a money market fund.

Individual investment manager asset ranges are stated within each Investment Management Agreement (IMA).

Asset classes can be accessed either directly (e.g. as securities) or indirectly, either through collective instruments such as pooled funds or through the use of derivatives, which can be used to gain efficient exposure, for the purposes of day-to-day operating, or for risk control. The choice of benchmarks for the investment manager are designed to ensure that the Plan's investments are adequately diversified. The Trustee also considers the risk and expected return characteristics required for its residual assets.

15 Derivatives

Investment in derivative instruments is permitted to the extent that they contribute to the reduction of risks or facilitate efficient portfolio management, including cost control or generation of additional capital or income, within an acceptable level of risk under strict controls.

16 Manager structure

The Trustee delegates day-to-day investment decisions to a suitably qualified investment manager.

When reviewing the strategic asset allocation of the Plan, the Trustee considers the use of passive and active investment management options. The overall allocation is formed following consideration of the efficiency, liquidity and level of transaction costs.

In broad terms, the investment manager will be responsible for:

- managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation;
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets;
- providing the Trustee with regular information concerning the management and performance of their respective portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The Trustee is not authorised under the Financial Services and Markets Act 2000 to deal in investments.

17 Performance objectives

It is the Trustee's policy to assess the performance of the Plan's investments, providers and professional advisers from time to time.

18 Fees

The investment manager is remunerated in relation to the value of the Plan assets under their management. Strategic investment advice is provided on a fixed fee basis by a suitably qualified investment consultancy.

19 Investment restrictions

Excluding the investment in diversified pooled funds no direct investment is permitted in securities issued either by the sponsoring employer or by the investment manager and associated companies other than certificates of deposit and cash deposits, and co-mingled funds.

20 Monitoring and implementation of investment strategy

Investment manager and custodian services are regularly reviewed by the Trustee. The Plan's investment manager and the custodian are provided with a copy of the latest SIP. Compliance with the SIP is monitored.

The Trustee receives regular reports and occasionally receives presentations from its investment manager to satisfy itself that the manager is carrying out its work competently and has the appropriate knowledge and experience to manage the Plan's investments.

21 Risk management

The Trustee recognises a number of risks involved in the investment of assets of the Plan and monitors these risks:

Interest rate and inflation risk

- The Plan's assets are subject to interest rate risk through its holding in government bonds. However, the interest rate exposure of the Plan's assets provides protection (hedges) against the corresponding risks associated with the Plan's residual liabilities.

Manager risk

- Is measured by the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment objective and strategy.
- Is managed by monitoring the actual deviation of returns relative to each manager's objective.

Liquidity risk

- Is measured by the level of cash flow required by the Plan over a specified period.
- Is managed by the Plan's Administrator assessing the level of cash held in order to limit the impact of the cash flow requirements.

Geopolitical and currency risks

- Are measured by the level of concentration in any one market leading to the risk of an adverse influence on investment values arising from political intervention.
- Are managed by regular reviews of the actual investments and through regular assessment of the levels of diversification.

Sponsor risk

- A bulk annuity policy has been purchased with Rothesay Life. The Plan has a residual surplus and there is no reliance on the sponsoring employer.

Environmental, social and governance (ESG) risks

- Are sources of risk to the Plan's investment, some of which could be financially material, over both the short and longer term.
- These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance.
- The Trustee seeks to appoint an investment manager who will manage these risks appropriately on its behalf and from time to time review how these risks are being managed in practice.

Adopted by the Trustee of the Rexam Pension Plan on 2 December 2024