

## Statement of Investment Principles

### 1 Introduction

#### Purpose

This Statement of Investment Principles (the “SIP”) sets out the guiding principles that the Trustees (the “Trustee Board”) of Leprino Foods Limited Pension Scheme (the “Scheme”) have determined should apply to the investment of the resources of the Scheme, as well as to ensure the safe-keeping of the assets. The SIP sets out the main investment objectives and strategies being pursued by the Trustee Board.

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#### Goals

The goals of this SIP are to ensure:

- i. A policy is developed so assets are invested in line with a clear strategy and set of investment objectives;
- ii. The Scheme’s resources are managed and invested to prudent standards and with appropriate oversight;
- iii. That a clear risk management framework is in place;
- iv. Environmental, Social and Governance (“ESG”) related factors are incorporated within the investment governance framework in line with the Trustees preference and appetite for these factors.

#### High Level Summary

- This document sets out the principles that apply to the investment of the Scheme’s resources, including investment objectives, strategies and custody of assets.
- The SIP also addresses how investment managers are appointed and monitored.

The Scheme’s goals are achieved through the articulation of explicit investment objectives and the creation of an investment strategy to achieve these objectives. That investment strategy presents not only a strategic asset allocation but also the approach to matching the behaviour of the Scheme’s liabilities and the way in which the Scheme’s underlying investments are managed day-to-day.

#### Legal Standing

This SIP is required under Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it).

The Trustee Board will review the SIP at least every three years and without delay after any significant change in investment policy. Before finalising this SIP, the Trustee Board will consult the Scheme’s Investment consultant, the Scheme Actuary, as well as Leprino Foods Ltd (the “Sponsoring Employer”).

The Trustee Board retains flexibility to vary its approach as it sees fit; for example, to accommodate a particular set of circumstances or a changing of views.

## Scope

This SIP applies to the investment powers of the Trustee Board and the investment management of the resources of the Scheme, and forms part of the Scheme's governance framework.

## Background

The Scheme operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries. The Scheme is a defined benefit pension arrangement, with the facility for Additional Voluntary Contributions, set up under trust. The assets of the Scheme are vested in and held by the Trustee Board in line with the Trust Deed & Rules.

All investment decisions are under the Trustee Board's control without constraint by the Sponsoring Employer. However, the Trustee Board recognises that the Scheme constitutes an enterprise which requires cooperation between the Sponsoring Employer and the Trustee Board for the purpose of making investment decisions, particularly where such decisions relate to the nature of the expected investment return and risk characteristics of the investment strategy adopted.

## 2 Investment objectives of the Scheme

The primary objective of the Scheme is to meet its benefit obligations to members as these fall due. In June 2025, the Trustee Board purchased a buy-in insurance policy from Aviva Life & Pensions UK Limited in order to manage the risk inherent in managing and funding the benefits of the Scheme. This limits the likelihood of needing to rely on future contributions over time until the Scheme can convert its buy-in insurance policy into individual buy-out policies for members, thereby securing all of the Scheme's liabilities and enabling the Scheme to wind-up.

There is some residual liability that remains in relation to data rectification and Guaranteed Minimum Pension ("GMP") equalisation. The remainder of the assets will be used to meet these residual liabilities as well as to meet the anticipated expenses that will be required until the point of wind-up of the Scheme.

## 3 Strategic Asset Allocation

The Trustee Board has adopted a Strategic Asset Allocation for the remainder of the assets not covered by the buy-in insurance policy for the Scheme. This is set out in Appendix A of this document.

The Strategic Asset Allocation is driven by the financial characteristics of the remaining liabilities not covered by the buy-in insurance policy on an appropriate liability basis (“liabilities”) of the Scheme and the investment objectives, in particular:

- The extent to which the benefits are linked to inflation;
- The average term to payment of the benefits;
- The agreed return objective and the risk appetite of the Trustee Board
- The ESG characteristics of alternative strategies.

The investment strategy adopted has clear implications for the expected and potential range of funding costs and therefore the Trustee Board engages with the Sponsoring Employer regarding the Scheme’s Strategic Asset Allocation.

In determining the Strategic Asset Allocation, the Trustee Board considers many factors including:

- The risk and net expected returns of the assets relative to the liabilities for the current and alternative asset allocations;
- The level of diversification, liquidity, costs and complexity associated with alternative strategies;
- Proportionality by striking a balance between the number of funds needed relative to the size of assets invested;
- The ability to comply and to continue to comply with all regulatory requirements;
- The ESG characteristics of alternative strategies.

The Scheme’s investment strategy utilises a number of key tools to manage investment risk:

- Diversity – investing in a range of assets and asset classes that behave differential from each other with the goal of providing more reliable and consistent investment returns;
- Liability hedging – investment in assets that match the characteristics of the liabilities and therefore reduce the volatility of the funding position of the Scheme;
- Improved investment execution – employing investment managers that seek to outperforming the market overall or provide better performance in periods of negative market returns.

### Rebalancing

The Trustee Board has agreed a process to consider rebalancing of the asset allocation towards the Scheme’s strategic asset allocation. Further information on rebalancing is included in Appendix

A.

## Liability hedging

Liability matching assets are held to reduce interest rate and inflation risks within the Scheme. The value of the Scheme's liabilities are sensitive to changes in interest rates and inflation. Owning assets which are also sensitive to these factors allows the Scheme to better match movements in the value of the liabilities and reduce the volatility of the Scheme's overall funding position. Further information on the Scheme's liability hedging approach is included in Appendix A.

## 4 Risk measurement and management

The Trustee Board recognises the importance of risk measurement as a key part of the process of understanding and mitigating key risks to the achievement of the Scheme's objectives. The Trustee Board measures, monitors and seeks to manage the investment risks in the following key areas:

- i. Counterparty risk – The Scheme's assets is primarily held in the insurance policy. The Scheme is therefore exposed to the risk of the insurer defaulting on the payments into the Scheme. This risk is managed through selecting a reputable insurer, an understanding of the protections offered by the UK insurance regime and the FCA prior to entering into the insurance policies, regular monitoring of the financial strength of the insurer by the investment consultant and looking to convert the bulk annuities into individual policies as soon as reasonably practicable.
- ii. Funding level volatility/risk – The Trustee Board holds assets that respond to changes in interest rates and inflation in a similar way to the liabilities through the purchase of a buy-in insurance policy. Liabilities not covered by the buy-in insurance policy are approximately hedged against interest rates and inflation.
- iii. Investment manager risk – The risk of underperformance of the Scheme's managers relative to their benchmarks, or long-term return objectives, are measured by the realised deviation relative to the target in addition to assessing the managers target deviation. In addition, the investment managers are reviewed through independent third-party assessments provided by the Investment Advisor. Manager risk is monitored on a regular basis.
- iv. Liquidity risk – The risk of the Scheme being unable to access cash in a timely manner. In particular, the ability to liquidate assets in a timely manner without undue penalty and the insurer being unable to pay the contractual cashflows in a timely manner. Liquidity risk is assessed on a regular basis and the management of the cash received from the insurers will be undertaken by the Scheme's administrators.

## 5 Arrangements with Investment Managers

When investing in a pooled investment vehicle, the Trustee Board will ensure the investment objectives and guidelines of the vehicle are consistent with their own objectives. The appointment of an investment manager will be governed by the documentation and legal structure of the relevant

pooled fund. The Trustee Board is not involved in the investment managers' day-to-day method of operation and does not directly seek to influence attainment of their performance targets. The Trustee Board ensures that performance is assessed on a regular basis, including triennial critical reviews, against measurable objectives for each fund.

Investment managers are compensated by paying a percentage fee based on the size of the assets invested, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.

The Trustee Board reviews the fees they pay managers, with the support of their Investment Advisor, against those paid by other pension funds for similar mandates and / or the fees that would be charged by other investment managers. Where active mandates are employed, the fees agreed with the managers may reflect the expected level of active return relative to benchmark and an appropriate share of the expected outperformance of the manager.

The Trustee Board reviews the costs incurred in managing the Scheme's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee Board will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Plan's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment purely based on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

## 6 Sustainable Investment

The Trustee Board recognises the financial importance of considering environmental, social and governance ("ESG") related factors, including climate change, in managing risk and determining investment policy for the Scheme. Such considerations will be incorporated within the investment governance framework to the extent that any actions arising therefrom are consistent with the primary objective of the Scheme, namely ensuring the management of risk in meeting its long-term obligations to members.

The Trustee Board recognises the risk that companies or governments in which the Scheme invests may fail to appropriately manage environmental, social and governance risks. Such failure may lead to a permanent loss of value in the Scheme's underlying investments.

The Trustee Board may ultimately delegate, in whole or in part, any activities associated with the integration of ESG principles into the portfolio construction process and /or the setting of the strategic asset allocation.

The Trustee Board is committed to ensuring that the Scheme is an active, long-term asset owner and are also conscious of, but will not be bound by, the wishes of other stakeholders, such as the Sponsoring Employer, in this regard.

The Trustee Board has not developed an explicit engagement policy for the Scheme as it invests

in pooled fund investments and therefore has no direct voting rights. However, the Trustee Board has sought confirmation from the Scheme's investment managers that they comply with the Second Shareholder Rights Directive. The Trustee reviews how managers have voted and their corporate governance policies and if the monitoring process reveals that a manager's portfolio is not aligned with the Trustee's policies, the Trustee may engage with the manager further to encourage alignment. If following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager may be terminated and replaced.

## 7 Additional Voluntary Contributions ("AVCs")

The Scheme provides the members with a facility to pay AVCs to enhance their benefits at retirement. The Trustee Board objective is to provide access to funds which will reasonably meet the varied needs of the members with respect to risk and return. This will include funds that can be expected to provide a suitable return over the longer term for members, consistent with members' reasonable expectations as well as funds that would offer increased capital protection.

It is the Trustee Board policy in relation to AVC options to:

- i. Ensure that an appropriate range of fund choices are available to members;
- ii. Review the operation of AVC investments to ensure compliance with relevant jurisdictional legislation / regulation and best practice;
- iii. Monitor the return and volatility of the fund options provided;
- iv. Monitor the investment managers appointed;
- v. Change the AVC fund choices as and when the Trustee Board considers this appropriate.

## 8 Policy Review

It is the intention of the Trustee Board to review this document at least every three years or sooner following any change in investment policy which is inconsistent with this SIP.

Version History		
Version Number	Date Adopted	Brief Description of Change
1.0	26 June 2024	New SIP approved
1.1	9 January 2025	Updates to reflect investment strategy changes in September 2024
2.0	30 June 2025	Updates to reflect investment strategy changes following the inception of a buy-in policy with Aviva

## Appendix A – Strategic Asset Allocation

### Strategic Asset Allocation

The Strategic Asset Allocation of the Scheme's assets not covered by the buy-in insurance policy are set-out below.

Asset class	Investment manager	Strategic asset allocation	Rebalancing range	Benchmark or Target	Performance objective
<b>Liability Matching</b>					
<b>Bonds</b>	LGIM	<b>25.0%</b>	N/A		
All Stocks Index-Linked Gilts Index Fund	LGIM	-		Benchmark	FTSE A Index-Linked All Stocks
<b>Cash</b>	LGIM	<b>75.0%</b>	N/A		
Sterling Liquidity Fund	LGIM	-		Benchmark	SONIA

The actual allocations will deviate from the strategic asset allocation due to market movements.

### Liability Hedging

The Strategic Asset Allocation in bonds is intended to provide an approximate hedge against the Scheme's remaining liabilities not covered by the buy-in insurance policy.

### Rebalancing

Cashflow into, and out of, the Scheme will be applied to maintain the Scheme's asset distribution close to the strategic asset allocation, taking into account the Scheme's remaining liabilities not covered by the buy-in insurance policy. The Trustee Board reviews the portfolio allocation against the Strategic Asset Allocation each quarter. Should the asset portfolio materially deviate from the strategic asset allocation, the Trustee Board will consider the need to rebalance with their advisors, and action this if deemed necessary.