

Lopex Group Pension Scheme
Statement of Investment Principles (“SIP”)

Purpose of this Statement

This SIP has been prepared by the Trustees of the Lopex Group Pension Scheme (the “Scheme”). This statement sets out the principles governing the Trustees’ decisions to invest the assets of the Scheme.

The Scheme’s investment strategy is derived from the Trustees’ investment objectives. The objectives have been taken into account at all stages of planning, implementation and monitoring of the investment strategy.

Details on the Scheme’s investment arrangements are set out in the Investment Implementation Document (“IID”).

Governance

The Trustees of the Scheme make all major strategic decisions including, but not limited to, the Scheme’s asset allocation and the appointment and termination of investment managers.

When making such decisions, and when appropriate, the Trustees take proper written advice. The Trustees’ investment advisers, Isio, are qualified by their ability in, and practical experience, of financial matters, and have the appropriate knowledge and experience. The investment advisers’ remuneration may be a fixed fee or based on time worked, as negotiated by the Trustees in the interests of obtaining best value for the Scheme.

Defined Benefit (“DB”) Section

Investment objectives

The Trustees invest the assets of the Scheme with the aim of ensuring that all members’ current and future benefits can be paid. The Scheme’s funding position will be reviewed on an ongoing basis to assess the position relative to the funding target and whether the investment arrangements remain appropriate to the Scheme’s circumstances. The Scheme’s funding target is specified in the Statement of Funding Principles.

The Scheme’s present investment objective is to achieve a return of 1.9% per annum above the return on UK Government bonds (which are considered to move in a similar fashion to the calculated value of the Scheme’s liabilities).

Investment strategy

The Scheme's strategy is to invest according to the following broad asset allocation:

Asset Class	Proportion %	Expected Return⁽¹⁾ (relative to fixed interest gilts) %
Return Seeking		
Diversified Credit	20.0	2.5
Diversified Growth Funds	40.0	3.1
Liability Matching		
Liability Driven Investment ("LDI")	40.0	0.0
TOTAL	100.0	1.9

The expected return shown excludes buy-in and is calculated using Isio's asset class return assumptions over a 10 year period. (as at 30 Sep 2019).

The Scheme's investment strategy was derived following careful considerations of the nature and duration of the Scheme's liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of employer contributions required to fund the Scheme, and also the strength of the sponsoring company's covenant. The Trustees considered the merits of a range of asset classes.

The Trustees recognise that the investment strategy is subject to risks, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and liabilities. This risk is managed by investing in assets which are expected to perform in excess of the liabilities over the long term, and also by investing in a suitably diversified portfolio of assets with the aim of minimising (as far as possible) volatility relative to the liabilities.

The Trustees have also considered a number of other risks set out in Appendix B.

The assets of the Scheme consist predominantly of investments which are traded on regulated markets.

Investment Management Arrangements

The Trustees have appointed several investment managers to manage the assets of the Scheme as listed in the IID. The investment managers are regulated under the Financial Services and Markets Act 2000.

All decisions about the day-to-day management of the assets have been delegated to the investment managers via a written agreement. The delegation includes decisions about:

- Selection, retention and realisation of investments including taking into account all financially material considerations in making these decisions;
- The exercise of rights (including voting rights) attaching to the investments;
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustees take investment managers' policies into account when selecting and monitoring managers. The Trustees also take into account the performance targets the investment managers are evaluated on. The investment managers are expected to exercise powers of investment delegated to them, with a view to following the principles contained within this statement, so far as is reasonably practicable.

The investment managers' remuneration is based upon a percentage value of the assets under management. The fees have been negotiated to be competitive and are reviewed on an ongoing basis. As the Scheme's assets are invested via an investment platform, the custody of the holdings is arranged by the platform provider, LGIM. The total fee paid by the Scheme is 0.41% per annum, which includes a platform provider fee of 0.01% per annum.

Defined Contribution ("DC") Section

Investment objectives

The Trustee's objectives are:

- i) To provide a range of investment options which seek to provide access to high real long term returns to maximise the benefits (cash or pension) received by the member at retirement, and to consolidate investment gains through a more conservative strategy in the run up to retirement.
- ii) To identify a number of investment vehicles which together aim to:
 - a. maximise the value of member's retirement benefits during the bulk of their working lives by targeting equity investments; and
 - b. protect the value of investment gains as members approach retirement by investing in cash and bonds.
- iii) To allow members to tailor their investment choices to meet their own needs.
- iv) To avoid over-complexity in the range of investment options in order to control administration costs and facilitate employee understanding

To meet these objectives the Trustees have selected a range of funds for members to select from. Members are advised to seek independent financial advice if they are unsure as to the appropriate investment strategy for their needs.

Investment strategy

The DC Section assets are invested in the Prudential UK With-Profits Cash Accumulation Fund with the exception of one member who currently holds unit linked investments in the M&G Global Equity Fund. The Prudential UK With-Profits Cash Accumulation Fund is invested in a diversified portfolio of UK and overseas shares, bonds, property and cash. The fund is priced and traded daily by the investment manager.

Investment Manager Monitoring and Engagement

The Trustees monitor and engage with the Scheme's investment managers and other stakeholders on a variety of issues. Below is a summary of the areas covered and how the Trustees seek to engage on these matters with investment managers.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement. The Trustees believe that:
Performance, Strategy and Risk	- The Trustees receive bi-annual performance reports which details information on the underlying investments' performance, strategy and overall risks, which are considered at the relevant Trustee meeting. - The Scheme's investment managers are occasionally invited to present to the Trustees on their performance, strategy and risk exposures if issues arise.	- There are significant changes made to the investment strategy. - The risk levels within the assets managed by the investment managers have increased to a level above and beyond the expectations of the Trustees. - Underperformance vs the performance objective over the period that this objective applies.
Environmental, Social, Corporate Governance factors and the exercising of rights	- The Trustees' investment managers provide reports on how they have engaged with issuers regarding social, environmental and corporate governance issues. - The Trustees receive information from their investment advisers on the investment managers' approaches to engagement. - The Trustees will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters at least annually.	- The manager has not acted in accordance with their policies and frameworks. - The manager's policies are not in line with the Trustees' policies in this area.

Through the engagement described above, the Trustees will work with the investment managers to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustees will review the relevant investment manager's appointment and will consider terminating the arrangement.

Legacy Additional Voluntary Contributions (“AVCs”)

Some members have legacy DB and DC AVC arrangements. The assets are invested separately from the main DB and DC Section funds in the form of individual insurance policies held with Utmost Life and Pensions (DB Section members) and with Prudential UK (DC Section members). The Trustees monitor the AVC arrangements on a regular basis.

Employer-related investments

The policy of the Trustees is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 except where the Scheme invests in collective investment schemes that may hold employer-related investments. In this case, the total exposure to employer-related investments will not exceed 5% of the Scheme’s total asset value. The Trustees will monitor this on an ongoing basis to ensure compliance.

Direct investments

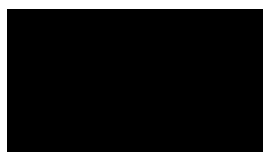
Direct investments, as defined by the Pensions Act 1995, are products purchased without delegation to an investment manager through a written contract. When selecting and reviewing any direct investments, the Trustees will obtain appropriate written advice from their investment advisers.

Compliance

This Statement has been prepared in compliance with the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005. Before preparing or subsequently revising this Statement, the Trustees consulted the sponsoring company and took appropriate written advice. The Statement is reviewed at least every three years, and without delay after any significant change in the investment arrangements.

Approved and adopted by the Trustees of the Lopex Group Pension Scheme.

Signed:

A black rectangular box redacting the signature of a trustee.

Date: 11/08/2026.....

Appendix A – Investment Beliefs

1. Investment strategy is the most important decision and should be based on clear objectives

Our long-term goal is to generate returns required to fund our members' current and future pensions.

Clear objectives are at the heart of our investment strategy. Risk tolerance, return requirement and time frame are our central considerations.

Our strategy should aim to achieve the objectives with a high degree of confidence across a range of possible economic scenarios.

2 There is more to robust portfolio construction than diversification alone

Excessive diversification can introduce inefficiency, cost, and fail to protect our portfolio in a downturn.

Pay-off profile of assets: We tailor the expected pay-off profile of the Scheme's investments around our required objectives.

Excess liquidity of our Scheme: We utilise excess liquidity in order to access any illiquidity premium (when illiquidity is rewarded), taking into consideration known cash flow requirements and the need for flexibility.

True diversification: We optimise true diversification of underlying risk drivers.

3 We aim to select the most appropriate opportunities in the market

A strategy that buys the right asset, at a fair price, will serve us better than buying the wrong asset at a cheap price.

We consider the most appropriate potential market opportunities in order to help us achieve our long-term objectives.

4 A long-term mind-set can be used to enhance returns

As a long-term investor we pursue incremental growth that rewards adherence to our strategic plan, rather than pursuing short term opportunities rewarding speculation.

We will mitigate or manage risks that we are not rewarded for.

Returns are more predictable over a longer time period, as risk is diversified across different economic cycles.

5 Excessive costs will erode performance

An appealing investment opportunity can be wholly undermined by too high a cost base.

Passive management, where viable, is considered the default approach.

Active management is employed where value-add can be expected with confidence.

6 Good governance improves our decision making

We continuously strive to enhance our knowledge of the investment opportunities and risks facing the Scheme.

We monitor the performance of our strategy and investment managers to improve our decision making.

7 Our investment process reflects our beliefs on responsible investing and Stewardship

The Trustees recognise that ESG factors can have a positive influence on the long terms stability and returns of investments. However, mandates are selected with the purpose of maximising the chance of achieving the return objectives as set out in their mandates, which in combination aim to optimise the chance of achieving the Scheme's overall strategic objective.

The extent to which ESG and ethical considerations are taken into account in these decisions is delegate to the investment managers, acting within the guidelines and objectives set by the Trustees.

Appendix B – Risks, Financially Material Considerations and Non-Financial matters

A non-exhaustive list of risks and financially material considerations that the Trustees have considered and sought to manage is shown below.

The Trustees adopt an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks	Definition	Policy
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	• Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the sponsoring company's covenant strength. • Investing in a diversified portfolio of assets.
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	• Funding risk is considered as part of the investment strategy review and the actuarial valuation. • The Trustees will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	• When developing the Scheme's investment and funding objectives, the Trustees take account of the strength of the covenant ensuring the level of risk the Scheme is exposed to is at an appropriate level for the covenant to support.

The Scheme is exposed to a number of underlying risks relating to the Scheme's investment strategy, these are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme's assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 100% of liabilities valued on a Technical Provisions basis.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.

Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay member benefits as they fall due (including transfer values). The Scheme invests exclusively in daily and weekly dealt funds.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing across different sectors.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory 6. UK Stewardship Code signatory The Trustees monitor the managers in this regard on an ongoing basis.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Delegate responsibility of currency hedging decisions within the diversified credit and diversified growth funds to the respective investment managers, within constraints imposed by the agreed investment guidelines. Hedge currency risks where deemed appropriate, following advice from investment advisers.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.

The Trustee also considers the following DC Section-specific investment risks:

Risk	Definition	Policy
Inflation	The risk that the investment return over members' working lives does not keep pace with inflation.	To make a number of funds available to maximise the real value of each member's investments
Conversion	The risk that relative market movements in the years just prior to retirement lead to a substantial reduction in the member's pension pot, to be converted into a fixed or flexible income stream.	To ensure that lower risk bond and cash options are available for members nearing retirement.
Opportunity cost	The risk that members end up with insufficient funds at retirement with which to secure a reasonable income through not having taken enough risk whilst the opportunity was available.	To maximise the real return of each member's investments when the member's retirement is far away.
Manager	The risk that the chosen investment manager underperforms the benchmark against which the investment manager is assessed.	To monitor and review manager performance on at least a triennial basis, and to make changes as required if material underperformance is observed.
Capital	The risk of a fall in the value of the member's fund.	To ensure a suitable range of funds and options are available to ensure investments are diversified.

The investments offered through the DC Section have been chosen, in part, to help members mitigate these risks through appropriate fund selection.

Appendix C

The Trustees have the following policies in relation to the investment management arrangements for the Scheme:

How the investment managers are incentivised to align their investment strategy and decisions with the Trustees' policies.	As the Scheme is invested in pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustees' policies. However, the Trustees invest in a portfolio of pooled funds that are aligned to the strategic objective.
How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	- The Trustees review the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements. - The Trustees monitor the investment managers' engagement and voting activity on an ongoing basis as part of their ESG monitoring process. - The Trustees do not incentivise the investment managers to make decisions based on non-financial performance.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustees policies.	- The Trustees review the performance of all of the Scheme's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. - The Trustees evaluate performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years. - Investment manager fees are reviewed periodically to make sure the correct amounts have been charged and that they remain competitive.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	The Trustees do not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.
The duration of the Scheme's arrangements with the investment managers	- The duration of the arrangements is considered in the context of the type of fund the Scheme invests in. - For open ended funds, the duration is flexible and the Trustees will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.

Voting Policy - How the Trustees expect investment managers to vote on their behalf	• The Trustees have acknowledged responsibility for the voting policies that are implemented by the Scheme's investment managers on their behalf.
Engagement Policy - How the Trustees will engage with investment managers, direct assets and others about 'relevant matters'	• The Trustees have acknowledged responsibility for the engagement policies that are implemented by the Scheme's investment managers on their behalf. • The Trustees, via their investment advisers, will engage with managers about 'relevant matters' at least annually.