Lyons Seafoods Limited Retirement Benefits Plan

Statement of Investment Principles – Implementation Statement

The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statement of Investment Principles (SIP) dated October 2023 have been implemented.

It also includes the Trustees' voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made and the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 6 April 2024 to 5 April 2025.

Investment objectives of the Plan

The Trustees' objectives for setting the investment strategy of the Plan are set out on page 4 of the SIP and are summarised below:

- To ensure the Plan is able to meet the benefit payments promised as they fall due from a combination of investment returns and planned contributions whilst minimising the long-term costs to the Plan.
- To achieve returns in excess of investment returns indicated in the Statement of Funding Principles, without exposing the Plan to excessive risk. The Trustees will seek to keep the costs and the manager risk in implementing the investment strategy to a minimum.
- To utilise the skills of Investment Managers to enhance returns to the extent they reasonably expect that the managers will be able to add value in excess of the extra fees over time.
- To utilise the skills of Investment Managers to reduce volatility and to increase diversification across asset classes where prudent to do so given the other investment objectives.
- To achieve an insurer buyout in the near to medium term.

The Trustees appreciate that these objectives are not necessarily mutually exclusive.

The Trustees also recognise that it is currently necessary to accept some risk in the investment strategy to achieve the long-term funding objective.

Review of the SIP

The SIP was last reviewed in October 2023. The Trustees updated the SIP to reflect changes in the Plan's investment strategy that were made over the previous Plan year.

Prior to this, the SIP had last been updated in September 2020 to take account of new investment regulations in relation to Environmental, Social & Governance (ESG) considerations.

The Trustees have a policy on financially material considerations relating to ESG issues, including the risk associated with the impact of climate change. In addition, the Trustees have a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out later in this Statement and are detailed in the Trustees' SIP.

The Trustees' policies on financially and non-financially material considerations, as well as engagement and voting activities, were not updated over the Plan year.

Investment managers and funds in use

The Trustees' investment strategy during the year was as shown in the below table, which is reflected in the Trustees' SIP:

Asset Class	Fund	Target Asset Allocation
Multi-asset credit	Franklin Templeton Global Income Optimiser Fund	30%
Government bonds	L&G Single Stock Nominal Gilt Funds L&G Single Stock Index-Linked Gilt Funds L&G 2053 Green Gilt Fund	70%
Liability Driven Investment ('LDI') funds	L&G Matching Core Funds	
Cash	L&G Sterling Liquidity Fund	
Total		**100.0%**

There have been no changes to either the Investment Managers used or the Target Asset Allocation for the Plan's invested assets over the year, however the SIP does refer to Legal & General Investment Management ('LGIM'), which rebranded to Legal & General – Asset Management ('L&G') towards the end of the Plan year. The Target Hedging Levels were updated over the year. The Plan's investment strategy is now structured with the objective of hedging 100% of the interest rate and inflation risks associated with the Plan's total liabilities on a solvency funding basis.

Investment governance

The Trustees are responsible for making investment decisions, and seek advice as appropriate from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustees' investment consultant.

The Trustees do not actively obtain views of the membership of the Plan to help form their policies set out in the SIP as the Trustees' primary objective is to meet the benefits of the Plan as they fall due, and the current investment strategy in place is intended to meet this objective.

The Trustees have put in place strategic objectives for Broadstone, as the Trustees' investment consultant, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022, which were set by the Trustees in May 2024, during the year. These objectives cover demonstration of adding value, delivery of specialist investment consultancy services, proactivity of investment consultancy advice, support with scheme management, compliance, and service standards.

Monitoring of investment arrangements

In addition to any reviews of Investment Managers or approaches, and direct engagement with the Investment Managers (as detailed below), the Trustees receive performance reports on a quarterly basis from Franklin Templeton and L&G, together with performance reports from Broadstone on a quarterly basis to ensure the investment objectives set out in their SIP are being met.

Trustees' policies

The table below sets out how, and the extent to which, the relevant policies in the Plan's SIP have been followed:

Requirement	Policy	Implementation of Policy
Choosing Investments	The Trustees rely on professional Investment Managers for the day-to-day management of the Plan's assets. However, the Trustees retain control over some investments. In particular, the Trustees make decisions about pooled investment vehicles in which the Plan invests and any AVC investment vehicles. The Trustees' policy is to regularly review the investments over which they retain control and to obtain written advice about them when necessary. 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 Investment Managers. The written advice will consider suitability of the investments, the need for diversification and the principles within the Plan's SIP. The adviser will have the knowledge and experience required under Section 36(6) of the Pensions Act 1995 (Act).	No deviation from this policy over the year to 5 April 2025.
Range of assets	The Trustees consider that the combination of the investment policy detailed in the Plan's SIP and the specific manager mandates detailed in the SIP will ensure that the assets of the Plan include suitable investments that are appropriately diversified and provide a reasonable expectation of meeting the objectives. In setting out the mandates for the Investment Managers, the Trustees will ensure that the Plan holds a suitably diversified range of securities in each category, avoiding an undue concentration of assets.	No deviation from this policy over the year to 5 April 2025.
Delegation to Investment Managers	In accordance with the Act, the Trustees have appointed one or more Investment Managers and delegated to them the responsibility for investing the Plan's assets in a manner consistent with the Plan's SIP. The Investment Managers are authorised and regulated to provide investment management services to the Plan. Within the UK, the authorisation and regulation of the Investment Managers falls under the Financial Conduct Authority (FCA). Specific products in which the Plan invests may also be regulated by the Prudential Regulatory Authority (PRA). For non-UK Investment Managers authorisation and regulation is undertaken by the home state regulator. Where Investment Managers are delegated discretion under section 34 of the Pensions Act 1995, the Investment Managers will exercise their investment powers with a view to giving effect to the principles contained in the SIP so far as reasonably practicable. In particular, the Investment Managers must have regard to the suitability and diversification of the investments made on behalf of the Plan. The Investment Managers will ensure that suitable internal operating procedures are in place to control individuals making investments for the Plan.	No deviation from this policy over the year to 5 April 2025.

Requirement	Policy	Implementation of Policy
Realising Investments	In recognition of the fact that funds may need to be realised for a number of unanticipated reasons at any time, and the desirability of retaining as high a degree of flexibility as possible to cater for unexpected changes in circumstances, the Trustees will monitor closely the extent to which any assets not readily realisable are held by the Investment Managers and will limit such assets to a level where they are not expected to prejudice the proper operation of the Plan. The Trustees have considered how easily investments can be realised for the types of assets in which the Plan is currently invested. As such, the Trustees believe that the Plan currently holds an acceptable level of readily realisable assets. The Trustees will also take into account how easily investments can be made for any new investment classes it considers investing in, to ensure that this position is maintained in the future. The Trustees will hold cash to the extent that they consider necessary to meet impending anticipated liability outflows. A bank account and institutional cash fund is used to facilitate the holding of cash awaiting investment or payment.	No deviation from this policy over the year to 5 April 2025.
Rebalancing and cashflow	The Trustees, in consultation with the Investment Consultant, review the asset allocation on a periodic basis to ensure that the Plan's assets are allocated in a manner that is consistent with the objectives as detailed in the Plan's SIP. There is no automatic rebalancing back to the target, however the Trustees will periodically review the position and take action to rebalance if considered appropriate. The interest rate and inflation protection levels provided by the portfolio will change over time as market conditions change. The Trustees will however review the hedging levels and carry out a remodeling exercise where necessary, following each triennial actuarial valuation as a minimum.	No deviation from this policy over the year to 5 April 2025. The Plan's asset allocation at the end of year was broadly in line with its target and is reflected in the SIP.
Matching assets	The Plan invests in leveraged and unleveraged LDI funds to provide a liability hedge against the Plan's interest rate and inflation sensitivities. Some of these assets are leveraged in order to increase the degree of hedging they provide. The leveraged nature of these funds means that there is an expectation that additional collateral will be required to be paid into these funds from time to time (and any excess collateral repaid to the Plan). Where any additional collateral payments are required, it is the Trustees' intention that these will be met through disinvestments from the Plan's return seeking assets or cash. The allocation to the liquidity fund aims to provide sufficient collateral for the level of leverage within the LDI portfolio.	No deviation from this policy over the year to 5 April 2025.

Requirement	Policy	Implementation of Policy
Performance Benchmarks and Objectives	The Franklin Templeton Global Income Optimiser Fund aims to outperform SONIA by 4.5% per annum. The gilt and index-linked gilt funds aim to deliver a total return in line with the underlying gilts and/or the underlying benchmark index (where applicable). The LDI funds have an objective to provide a prescribed level of hedging against changes in the value of liabilities for a typical defined benefit pension scheme caused by interest rate and inflation risks. The practical method of implementing this level of hedging is delegated to L&G, with the expectation that L&G will choose the most cost-effective method. The cash fund aims to provide a cash-like return, comparable with its SONIA benchmark.	The funds' performance benchmarks and objectives were reviewed on a quarterly basis over the year to 5 April 2025. There were no changes to the funds' performance benchmarks and objectives over the year.
Investment Management Charges	The annual investment management charges of the funds used during the Plan year are set out in the Appendix to the SIP and are as follows: • FT Global Income Optimiser Fund: 0.350% • L&G Nominal Gilt Funds: 0.100% • L&G Index-Linked Gilt Funds: 0.100% • L&G Matching Core Funds: 0.200% • L&G Sterling Liquidity Fund: 0.125% In addition, L&G charge a flat administration fee of £1,000 per annum.	There were no changes to the funds' investment management charges over the year to 5 April 2025.
Financially and Non-Financially Material Considerations	The Trustees' policy on financially and non-financially material considerations is set out on page 6 of the SIP and in full below.	No deviation from this policy over the year to 5 April 2025 (see below).

Requirement	Policy	Implementation of Policy
Engagement and Voting Rights	The Trustees encourage Investment Managers to make decisions in the long-term interests of the Plan. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights. This expectation is based on the belief that such engagement can be expected to help Investment Managers to mitigate risk and improve long-term returns. The Trustees also require the Investment Managers to take ESG factors and climate change risks into consideration within their decision-making as the Trustees believe these factors could have a material financial impact in the long-term. The Trustees therefore make decisions about the retention of Investment Managers, accordingly. As the Plan invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Plan's investments to the Investment Managers. The Trustees encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees. The investment strategy mainly consists of gilt and credit pooled funds, so the Trustees note that there will be no, or limited voting rights attached to the underlying holdings.	No deviation from this policy over the year to 5 April 2025 (see below).
Additional Voluntary Contributions ('AVCs')	The Plan provided a facility for members to pay additional voluntary contributions (AVCs) to enhance their benefits at retirement. The Trustees' objective was to provide vehicles that enabled members to generate suitable long-term returns, consistent with their reasonable expectations. There were historic arrangements in place with Utmost Life & Pensions, and Clerical Medical. The Trustees selected these vehicles as they were believed to meet the Trustees' objective of providing investment options that enabled AVC members to generate suitable long-term returns, consistent with their reasonable expectations.	No deviation from this policy over the year to 5 April 2025.

Financially and non-financially material considerations

The Trustees have considered their approach to environmental, social and corporate governance ("ESG") factors for the long term time horizon of the Plan and believe there can be financially material risks relating to them. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Plan's Investment Managers. The Trustees require the Plan's Investment Managers to take ESG and climate change risks into consideration within their decision-making, in relation to the selection, retention or realisation of investments, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees' views on how ESG issues are taken account of in each asset class used during the Plan year are set out below.

Asset Class	Active/Passive	Trustees' Views
Multi-asset credit	Active	The Trustees expect the Investment Manager to take financially material ESG factors into account, given the active management style of the fund and the ability of the manager to use its discretion to generate higher risk-adjusted returns. The Trustees also expect their Investment Manager to engage with the underlying investee companies, where possible, although they appreciate that fixed income assets within the portfolio do not typically attract voting rights.
Government bonds/ Cash	Passive	The Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in these asset classes because of the nature of the securities.
LDI funds	Active	The underlying assets of the LDI funds consist of government bond funds and derivative contracts, with no underlying investee companies as such. Therefore, the Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.

The Trustees will seek advice from the Investment Consultant on the extent to which their views on ESG and climate change risks may be taken into account in any future Investment Manager selection exercises. Furthermore, the Trustees, with the assistance of the Investment Consultant, will monitor the processes and operational behaviour of the Investment Managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in the Plan's SIP.

If the Trustees become aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectation, then the Trustees may consider terminating the relationship with that Investment Manager.

When considering the selection, retention or realisation of investments, the Trustees have a fiduciary responsibility to act in the best interests of the beneficiaries of the Plan, although they have neither sought, nor taken into account, the beneficiaries' views on matters including (but not limited to) ethical issues and social and environmental impact. The Trustees will review this policy if any beneficiary views are raised in future.

Voting rights

During the period, the Trustees invested in pooled investment funds with the Investment Managers, and they acknowledge that this limits their ability to directly influence the Investment Managers.

All voting activities have been delegated to the Investment Managers, as the Trustees are unable to vote on the underlying holdings, given the pooled nature of the Plan's investments. However, the pooled fund investments held with the Investment Managers over the period do not contain equity holdings, and as such the Investment Managers did not exercise any voting rights during the period on behalf of the Trustees.

Engagement activities

The Trustees have also delegated engagement activities to the Investment Managers. A notable engagement activity from each Investment Manager the Plan invested with during the year is provided below:

- **L&G** engaged with Colgate-Palmolive, an American multinational consumer products company, focusing on the company's deforestation approach as well as challenges and opportunities in meeting their deforestation management commitments. L&G met with the company's Chief Sustainability Officer, and explored how the company is ensuring supplier compliance and increased traceability across commodities in their supply chain, as well as the suitability of the company's escalation procedures for non-compliance.

  L&G also sought to encourage increased oversight from the Board of Directors, and prioritisation of the issue of deforestation within the company's risk management agenda. L&G noted that the company have demonstrated progress in appreciating responsible sourcing as a critical issue, whilst building relationships and furthering engagement with their suppliers and ending relationships with those found to be non-compliant. L&G note that, overall, the company meets their minimum expectations on deforestation management.

  L&G note that Colgate-Palmolive have introduced satellite imaging for monitoring purposes, and are undertaking the complex process of mapping palm oil derivatives. L&G also note that the frequency of Board-level updates on deforestation has increased.

  L&G will further engage with the company in 2025, with a focus on traceability progress across key commodities, along with collaborative efforts with their peers to eliminate net deforestation. L&G will also look to further discuss the company's work on mapping and addressing deforestation risks in their supply chain.

- **Franklin Templeton** engaged with Civitas, a leading sustainable energy producer in the US, on the company's carbon neutral strategy, water recycling and capital allocation. Civitas aim to halve scope 1 emissions by 2027 and improve efficiency with regards to water recycling in the Denver and Permian basins.

  Franklin Templeton and Civitas discussed various matters such as post-acquisition capital efficiency discipline, balance sheet strategy and sustainable free cash flow. Franklin Templeton view Civitas' progress as strong but encourage the company to be more transparent, particularly on capital allocation and asset divestitures. Civitas originally scored low in Franklin Templeton's Environmental & Social QualityScore but since engagement the company's score has improved.

The Trustees also consider an investment manager's policies on stewardship and engagement when selecting and reviewing investment managers.