

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 2023 to 5 April 2024.

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 manager 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 which occurred during the year covered by this Statement.

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 were updated in the SIP that came into force during the year to reflect the change in investment strategy. However, the Trustees' policy on engagement and voting rights was not updated in the SIP that came into force during the year.

Investment Managers and funds in use

At the start of the year, the Trustees' investment strategy was as shown in the table below.

Asset Class	Fund	Target Asset Allocation
Global equities	Standard Life abrdn Global Pension Fund	65%
Multi-asset funds	Pictet Dynamic Asset Allocation Fund	
	Schroders Diversified Growth Fund	
Multi-asset credit	Franklin Templeton Global Income Optimiser Fund	35%
Government bonds	LGIM 2060 Gilt Fund	
	LGIM Single Stock Index-Linked Gilt Funds	
	LGIM 2053 Green Gilt Fund	
Liability Driven Investment ('LDI') funds	LGIM Matching Core Funds	
Cash	LGIM Sterling Liquidity Fund	
Total		100.0%

During the year, the Trustees de-risked the Plan's investment strategy, removing all allocations to equities and multi-asset funds while increasing the allocations to multi-asset credit and a hedging solution with LGIM, consisting of gilts, index-linked gilts, LDI funds and cash.

The Trustees' revised investment strategy, summarised below, is reflected in the October 2023 SIP.

Asset Class	Fund	Target Asset Allocation
Multi-asset credit	Franklin Templeton Global Income Optimiser Fund	30%
Government bonds	LGIM Single Stock Nominal Gilt Funds	70%
	LGIM Single Stock Index-Linked Gilt Funds	
	LGIM 2053 Green Gilt Fund	
Liability Driven Investment ('LDI') funds	LGIM Matching Core Funds	100%
Cash	LGIM Sterling Liquidity Fund	
Total		100%

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, which was appointed during the Plan year. XPS Investment Limited ('XPS') was the Trustees' investment consultant at the start of the year.

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 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 on 17 May 2024, after the Plan year end. 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.

Trustees' policies

The table below sets out how, and the extent to which, the relevant policies in the Plan's October 2023 SIP have been followed:

Requirement	Policy	Implementation of Policy
Choosing Investments	<p>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.</p> <p>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 Act.</p>	No deviation from this policy over the year to 5 April 2024.
Range of assets	<p>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.</p>	No deviation from this policy over the year to 5 April 2024.

Delegation to Investment Managers	<p>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.</p> <p>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.</p> <p>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.</p> <p>The Investment Managers will ensure that suitable internal operating procedures are in place to control individuals making investments for the Plan.</p>	No deviation from this policy over the year to 5 April 2024.
Realising Investments	<p>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</p> <p>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 realized for any new investment classes it considers investing in, to ensure that this position is maintained in the future.</p> <p>The Trustees will hold cash to the extent that it considers 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.</p>	No deviation from this policy over the year to 5 April 2024.
Rebalancing and cashflow	<p>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 level and carry out a remodeling exercise where necessary, following each triennial actuarial valuation as a minimum.</p>	This policy was revised in the SIP coming into force during the year. There has been no deviation from this policy between the Trustees revising the Plan's SIP and 5 April 2024.

Matching assets	<p>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.</p>	<p>This policy was revised in the SIP coming in to force during the year. There has been no deviation from this policy between the Trustees revising the Plan's SIP and 5 April 2024.</p>
Performance Benchmarks and Objectives	<p>The Franklin Templeton Global Income Optimiser Fund aims to outperform SONIA by 4.5% per annum.</p> <p>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).</p> <p>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 LGIM, with the expectation that LGIM will choose the most cost-effective method.</p> <p>The cash fund aims to provide a cash-like return, comparable with its SONIA benchmark.</p>	<p>This policy was revised in the SIP coming in to force during the year. The Plan's performance benchmarks and objectives for the funds used at the year end were in line with the latest SIP.</p>
Investment Management Charges	<p>The investment management charges of the funds used are set out on page 12 of the SIP.</p>	<p>This policy was revised in the SIP coming into force during the year. The Plan's charges for the funds used at the year end were in line with the latest SIP.</p>
Financially and Non-Financially Material Considerations	<p>The Trustees' policy on financially and non-financially material considerations is set out on page 4 of the SIP and in full below.</p>	<p>This policy was revised in the SIP coming in to force during the year. There has been no deviation from this policy between the Trustees revising the Plan's SIP and 5 April 2024 (see below).</p>

Engagement and Voting Rights	<p>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.</p> <p>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.</p>	<p>No deviation from this policy over the year to 5 April 2024 (see below).</p>
Additional Voluntary Contributions (AVCs)	<p>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.</p> <p>There were historic arrangements in place with Utmost Life & Pensions, and Clerical Medical.</p> <p>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.</p>	<p>No deviation from this policy over the year to 5 April 2024.</p>

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 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 year, the Trustees invested in pooled investment funds with the Investment Managers, and they acknowledge that this limits their ability to directly influence each Investment Manager. In particular, all voting activities have been delegated to the Investment Managers, as the Trustees are unable to vote on these underlying holdings, given the pooled nature of the Plan's investments.

However, the Trustees may periodically meet with their Investment Managers, to engage with them on how they have taken ESG issues and voting rights into account for the investment approaches they manage on behalf of the Trustees. As part of this, the Trustees may seek to challenge their Investment Managers on these matters where they think this is in the best interests of members.

The pooled funds invested with the underlying Investment Managers by the Plan as at the year end do not contain any publicly listed equity holdings. Therefore, none of the Plan's assets have voting rights attached.

Engagement activities

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

- **LGIM** met with the management team of Heidelberg Cement, a large international cement producer, during the year to discuss the progress and economic viability of the company's planned carbon capture and storage (CCS) projects. LGIM note that cement production is responsible for around 8% of global carbon emissions each year, and therefore believe the cement industry needs to decarbonise significantly for the world to reach net zero carbon emissions. As a result, the sector is designated as 'climate critical' by LGIM.

Heidelberg Cement believes it has an industry leading decarbonisation policy as well as first-mover advantage in CCS. LGIM raised questions regarding the relative costs and economics of CCS, external factors affecting viability of CCS projects (such as possible regulation or government subsidisation), and expectations of demand for 'carbon-free' cement.

LGIM will continue to engage with Heidelberg Cement as well as other competitors in the cement industry on their decarbonisation targets and trajectory. For Heidelberg Cement, LGIM believes CCS will only become economical when met with either an increase in the price of permits for generating carbon emissions, or if customers are willing to pay a premium for carbon-free cement. LGIM will continue to monitor these dynamics and discuss with management going forwards.

- **Franklin Templeton** engaged with government representatives from various emerging market countries, including Côte d'Ivoire, to discuss ongoing opportunities associated with biodiversity and energy consumption. Engagement revealed that many emerging market governments either already have formalised policies to mitigate and adapt to climate change or are in the final stages of developing these policies. However, as these economies become richer, there is a heightened awareness of the need to safeguard natural capital, such as native forests.

During their meeting with Côte d'Ivoire, Franklin Templeton learned that policymakers had made a commitment to improve the country's energy mix by 2023, with a goal of reaching a 45% share of renewable power (up from approximately 35% in 2022). Additionally, the government is focused on

increasing access to safe and efficient electricity, aiming for a 100% access rate by 2025. In order to ensure that this target is reached, significant funds have been invested in the expansion of installed capacity and the construction of new distribution lines, with an emphasis on hydropower, solar and biomass projects. In 2024, Franklin Templeton aim to continue their engagement with emerging market governments.

The Trustees also considers an Investment Manager's policies on stewardship and engagement when selecting and reviewing Investment Managers.

Monitoring of investment arrangements

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

Signed: D. Bones

Date: 4 November 2024

On behalf of the Trustees of the Lyons Seafoods Limited Retirement Benefits Plan