

# Iggesund (UK) Pension Scheme (DC Section)

Statement of Investment Principles

March 2026

# Statement of Investment Principles

The Trustee (Iggesund (UK) Pensions Limited) of the Iggesund (UK) Pension Scheme (“the Scheme”) has prepared this Statement of Investment Principles (“the SIP”) in accordance with the Pensions Act 1995<sup>1</sup> (“the Act”) as amended and the Occupational Pension Scheme (Investment) Regulations 2005 as well as the principles recommended by the Myners Code.

This SIP will be reviewed at least every three years or immediately after any significant change in investment policy.

Before preparing this SIP the Trustee has:

- Obtained and considered the written advice from an investment consultant, XPS Investment Limited, who is suitably qualified through ability and experience and has appropriate knowledge.
- Consulted the Employer.

## Choosing investments

The Trustee set the investment policies for the Scheme and the fund range made available to members.

The Trustee relies on investment managers for the day-to-day management of the Scheme’s assets but retain control over all decisions made about the investments in which the Scheme invests.

Where investment managers are delegated discretion under Section 34 of the Act, the Investment Manager will exercise their investment powers in accordance with the Act, relevant and subsequent regulations, and this SIP.

The investment managers are authorised and regulated to provide investment management services to the Scheme. Within the UK, the authorisation and regulation of the investment managers falls under the Financial Conduct Authority (FCA). Specific products in which the Scheme 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.

The investment managers will ensure that suitable internal operating procedures are in place to control individuals making investments for the Scheme.

The Trustee relies on the investment managers to appoint appropriate Custodians for pooled funds who are responsible for the safekeeping of the assets of the Scheme. The Trustee rely on the investment managers to appoint appropriate Administrators or Registrars for pooled funds who are responsible for keeping records of the Scheme’s entitlement within the pooled funds.

<sup>1</sup> As amended 31<sup>st</sup> March 2019

## Investment objective and strategy

### Investment objective

The Trustee has set the following objectives:

- Ensure members are given an appropriate range of investment options and guidance on the suitability of those options.
- Give members investment options that enable them to maximise their returns at acceptable levels of risk.
- Ensure members' funds represent appropriate value for money; this may include looking at areas such as performance, volatility of returns, transaction costs and management charges incurred. The Trustee will assess the value for money on a regular basis and understand the contributing factors.
- Ensure that the default strategy is suitable for most members throughout their membership of the Scheme. This includes measures to reduce the level of investment risk as they approach retirement. Ensure that any core financial transactions undertaken by the administrator are completed accurately, promptly and effectively.
- Provide flexible investment choices to members and ensure that members are able to switch their investment choices easily.
- Ensure that members have access to enough information about the investment options available and the process of switching investment choices, to enable them to make informed decisions about their investment choices and to understand the potential impact of those decisions on their pension savings.
- Adhere to the provisions contained within this SIP.
- Adhere to the Pension Regulator's DC code and DC regulatory guidance.

### Investment strategy

The Trustee intends to meet the investment objective by:

- Providing members with an appropriate range of investment options to enable them to reasonably expect to meet their retirement aspirations, together with guidance on those options, allowing members to make informed decisions on their pension savings. This will include a range of different choices with different return and risk characteristics.
- Periodically reviewing the funds made available to members.
- Regularly reviewing the performance and charging structure of funds available, as well as the value for money of available funds.

The investment funds made available to Scheme members are set out in the Appendix.

### Investment restrictions

The Trustee intends to adhere to the following restrictions:

- No more than 5% of Scheme assets can be held in investments related to the Employer.
- Whilst borrowing on a temporary basis is permitted, this option will only be utilised where absolutely necessary or where it is expected to reduce overall risk (e.g. for very short time periods during an asset transfer).
- Investment in derivative instruments may only be made where they contribute to risk reduction or facilitate efficient portfolio management.

## Expected returns

The Trustee anticipates that the investment options, including both the default strategy and self-select options, and the associated future absolute investment returns will allow members to maintain or increase the real value of their fund whilst at the same time providing them with the opportunity to invest in assets which are closely aligned to the way in which they expect to convert their fund at retirement.

The Trustee expects the long-term return on investment options that invest predominantly in equities to exceed price inflation. The long-term returns on bond and cash options are expected to be lower than returns on predominantly equity options. Cash funds provide protection against changes in short-term capital values and may be appropriate for members wishing to take part or all of their DC benefits in the form of a cash lump sum.

## Investment risks

The Trustee has identified a number of risks affecting the default strategy and self-select funds which include (but are not limited to):

- **Asset risks:** Equity risk, Property risk, Currency risk, Credit risk, Interest rate risk, Inflation risk.
- **Strategy risks:** Asset allocation risk, Liquidity risk, Annuity risk, Sequencing risk, Growth asset risk
- **Implementation risks:** Investment manager risk, Custodian risk, Counterparty risk, Operational risk, Liquidity risk, Administration risk.

These risks are measured and managed by the Trustee as follows:

- The Trustee has set an investment policy that adheres to the contents of this SIP.
- The Trustee delegates the day-to-day management of some of these risks to the appointed investment managers.
- The Trustee considers the investment managers' role and approach to managing risk is considered when selecting appropriate investment managers.
- The Trustee assesses whether appropriate controls are put in place by themselves, an investment consultant and investment managers (where there is a direct relationship).
- The risk of exposure to volatile markets, which may be less acceptable to some members, particularly near retirement, is addressed through 'lifestyling' in the default and glidepath and the availability of non-equity-orientated funds.
- The Trustee recognises that environmental, governance and social ("ESG") factors represent financially material risks to meeting long-term investment objectives, and factor this into the selection, retention and strategy design.

In addition to the risks described above, there is the risk that the default strategy does not meet a particular member's needs or risk appetite. The Trustee mitigate this risk through regular communications to engage members with their retirement savings and the options available.

## Policy on Illiquid Assets

The role of Illiquid assets within all aspects of the strategy has been considered by the Trustee. The Trustee's policy is to consider the benefits of all available asset classes when constructing the investment strategy of the default strategy. This is to seek to improve member outcomes through improved risk-adjusted returns. At present, the default strategy has a 15% allocation to illiquid assets in the growth stage. Investing in private markets not only increases the number

of asset classes within the default strategy, but also means the funds are able to take advantage of the potential illiquidity premium associated with private assets, while carefully balancing risk and return.

More details on the illiquid assets held in the default strategy can be found in the appendix.

## Kind of investments held and the balance between them

The Trustee has made available a range of self-select funds to cater for a wide range of individual needs and risk appetites of members. The Trustee has made available a default strategy that automatically changes the balance of a diversified portfolio of assets, in line with a pre-determined strategy as members approach retirement.

Based on the structure set out in the Appendix, the Trustee considers the arrangements with the investment managers to be aligned with the Scheme's overall strategic objectives. Details of each specific mandate are set out in agreements and pooled fund documentation with each Investment Manager. The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the investment managers' tactical asset allocation preferences at any time. Such variation will be within any scope given to them through asset allocation parameters set by the Trustee or governing the pooled funds in which the Scheme is invested.

The Trustee invests in a wide range of assets including equities, bonds, cash, property and other alternative assets. The Trustee will ensure that the Scheme's assets are predominantly invested in regulated markets

## Arrangements with investment managers

For both the default strategy and self-select funds, investment managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as investment managers as part of the Scheme's investment strategy – and hence the fees they receive – are dependent upon them doing so. They are therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustee's expectations.

The Trustee encourage investment managers to make decisions in the long-term interests of the Scheme. The Trustee expects engagement with management of the underlying issuers of debt or equity and the exercising of voting rights, on the basis that such engagement can be expected to help investment managers to mitigate risk and improve long term returns. As covered in the responsible investment sub-section, the Trustee also require the investment managers to take ESG factors and climate change risks into consideration within their decision-making as the Trustee believe these factors could have a material financial impact in the long-term. The Trustee therefore makes decisions about the retention of investment managers, accordingly.

## Investment Manager review process

For both the default strategy and self-select funds, appointments of investment managers are expected to be long-term, but the Trustee will review the appointment of the investment managers at least every three years and more frequently if appropriate. Such reviews will include analysis of each Investment Manager's performance and processes and an assessment of the diversification of the assets held by the Investment Manager. The review will include consideration of the continued appropriateness of the mandate given to the Investment Manager within the framework of the Trustee's investment policies.

The Trustee will receive investment governance reports from an investment adviser to consider fund performance or any notable changes from the investment manager. If there are concerns, the Trustee may carry out a more in-depth review of a particular Investment Manager. investment managers may also attend Trustee meetings as requested.

Fund manager remuneration is considered as part of the manager selection process.

## How the Trustee monitor portfolio turnover costs incurred by the investment managers, and how they define and monitor targeted portfolio turnover or turnover range

For both the default strategy and self-select funds, the Trustee require the investment managers to report or facilitate reporting on actual portfolio turnover periodically, including details of the costs associated with turnover, how turnover compares with the range that the investment managers expect and the reasons for any divergence.

The ability to monitor the level and appropriateness of these costs may be limited by the availability of data.

## The duration of the arrangement with the investment managers

For both the default strategy and self-select funds, appointments of the investment managers are expected to be long-term, and the Trustee will from time to time review the appointment of each in accordance with its responsibilities. Such reviews will include analysis of each investment manager's performance and processes and an assessment of the diversification of the assets held. The review will include consideration of the continued appropriateness of the investment managers within the framework of the Trustee's investment policies.

## Responsible investment

The Trustee has considered their approach to ESG factors for the long-term time horizon of the Scheme's default strategy and self-select funds and believes there can be financially material risks relating to them. The Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's investment managers. The Trustee requires the Scheme'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 Trustee will seek advice from an investment adviser on the extent to which its views on ESG and climate change risks may be taken into account in any future investment manager or platform selection exercises.

As the Scheme invests in pooled funds, the Trustee acknowledges that it 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 Scheme's investments in both the default strategy and self-select funds to the investment managers. The Trustee encourages the investment managers 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 Trustee requires the investment managers to report on significant votes made on behalf of the Trustee.

To ensure sufficient oversight of the engagement and voting practices of their investment managers, the Trustee may periodically meet with their investment managers to discuss engagement which has taken place. If the Trustee becomes 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 Trustee's expectation, then the Trustee may consider terminating the relationship with that investment manager.

When considering the selection, retention or realisation of investments, the Trustee has a fiduciary responsibility to act in the best interests of the beneficiaries of the Scheme. In doing so, the Trustee may make funds available that take into account the beneficiaries' views on risks including (but not limited to) ethical, social and environmental issues.

## Realisation of investments

For both the default strategy and the self-select fund range, day-to-day selection of underlying investments is delegated to the investment managers, who have responsibility for buying and selling investments. The Trustee is aware of the risk of illiquidity and how this may be mitigated. The Trustee is aware that sometimes investment managers may have the ability to suspend redemptions in certain circumstances. In such circumstances, the Trustee will communicate with affected members and outline their alternative options for contributions or withdrawals. The Trustee's Administrator will instruct the realisation of investments following member requests. The Trustee will consider how easily investments can be realised for any new investments considered.

**Approved and adopted by the Trustee in March 2026**

## Signatures

On behalf of XPS Investment Limited:

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Date:

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On behalf of the Trustee:

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Date:

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This SIP is the responsibility of the Trustee. You must not use, copy or repeat any part of the SIP for commercial purposes without obtaining permission to do so in writing to us. We use material from third parties in preparing the SIP and although we try to ensure that all of the information is correct we do not give any express or implied warranty as to the accuracy of the material in the SIP and are not responsible, and do not accept and liability, for any error, omission or inaccuracy. We are not liable for any damages (including, without limitation, damages for loss of business or loss of profits) arising in contract, tort or otherwise from the use of or inability to use this SIP, or any material contained in it, or from any action or from any action or decision taken as a result of using it.

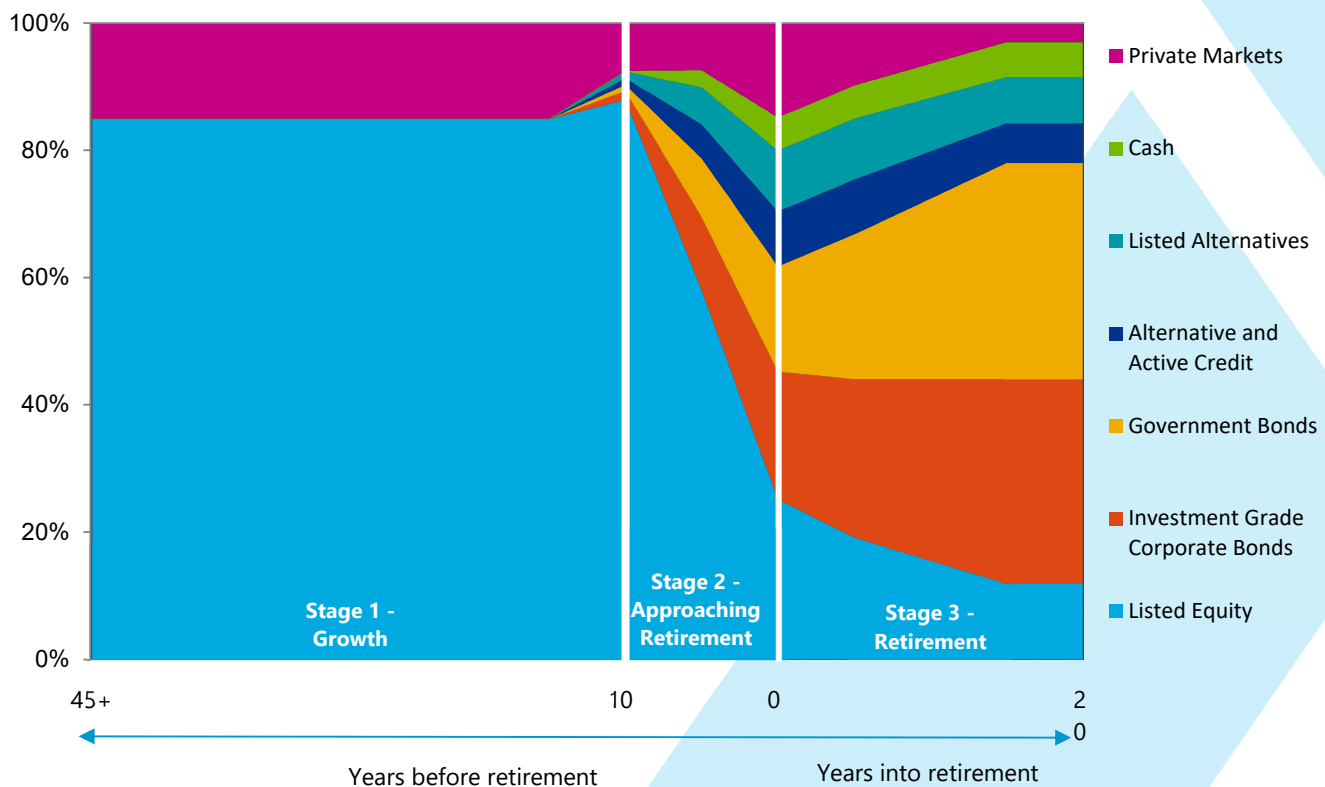
# Appendix – Investment Strategy

## Default Strategy\*

By default, members are invested in the Legal and General Asset Management (“L&G”) Lifetime Advantage Funds (LAF). The LAF enables groups of pension savers with similar target retirement dates to save within a single investment fund. The mix of assets within the Fund changes over time to reflect the needs of scheme members as they approach and go beyond their target retirement date which is shown graphically below.

The LAF include a higher allocation to private market investments while members are a relatively long way from retirement. Investing in private markets not only increases the number of asset classes within the funds, but also means the funds are able to take advantage of the potential illiquidity premium associated with private assets, while carefully balancing risk and return. They aim to generate a higher return while members are a relatively long way from retirement and then gradually reduce ‘risk’ (the volatility causing short-term ups and downs in value of the pension pot) as they get nearer to when members expect to retire. The allocation to illiquid assets will be via a pooled fund(s) and consist of investments in a diversified blend of private market assets. Illiquid investments are not held directly by the Trustee. The Trustee will review the allocation to illiquid assets as part of the triennial review of the default investment options and may increase or decrease investment in these assets in the future. The LAF are a to-and-through retirement solution, meaning members can remain invested post-retirement.

Lifetime Advantage Funds are constructed by pooling members within five years cohorts of the same retirement date, and members’ savings are invested in the fund that matches most closely when they expect to retire. Therefore, a member with target retirement date of 2048, for example, will utilise the 2045-2050 Fund.



\*The chart above shows the strategic allocation of the default strategy as at 30 June 2025.

## Self-Select Funds

Individual members may elect to follow their own investment strategy by investing in a range of funds. There are 30+ funds available to members covering a mix of asset classes and fund types.

<b>Fund</b>	<b>Asset Class</b>	<b>Association of British Insurers Sector</b>	<b>Management style</b>
L&G Cash Fund	Cash	Deposit & Treasury	Active <sup>1</sup>
L&G Master Trust Global Developed Equity Index Fund	Equities	Global Equities	Passive
L&G UK Equity Index Fund	Equities	UK All Companies	Passive
L&G Master Trust Fossil Fuel Free Climate Equity Index Fund	Equities	Global Equities	Passive
L&G Master Trust Short Dated Bond Index Fund	Fixed interest	Sterling Corporate Bond	Passive
L&G AAA-AA-A Corp Bond All Stocks Index Fund	Fixed Interest	Sterling Corporate Bond	Passive
L&G Future World Annuity Aware Fund	Fixed Interest	Sterling Long Bond	Active
L&G World (Ex-UK) Equity Index Fund	Equities	Global Equities	Passive
L&G Multi-Asset Fund	Multi-Asset	Mixed Investment 40-85% Shares	Active
L&G Master Trust Future World Multi-Asset Fund	Multi-Asset	Mixed Investment 40-85% Shares	Active
L&G Master Trust Global Real Estate Equity Index Fund	Equities	Property Other	Passive
L&G Master Trust Smaller Companies Index Fund	Equities	Global Equities	Passive
L&G Future World Fund	Equities	Global Equities	Passive
L&G Master Trust Emerging Markets Index Fund	Equities	Global Emerging Markets Equities	Passive
L&G Retirement Income Multi-Asset Fund	Multi-Asset	Specialist	Active
L&G Ethical Global Equity Index Fund	Equities	Global Equities	Passive
L&G Global Diversified Credit Fund	Fixed Interest	Global High Yield	Active
CT Managed Equity Fund	Equities	Flexible Investment	Active
L&G Sustainable Property Fund	Property	UK Direct Property	Active
L&G Master Trust Impact Fund	Equities	Global Equities	Active
L&G Master Trust UK Smaller Companies Fund	Equities	UK Smaller Companies	Active
Janus Henderson Fixed Interest Monthly Income Fund	Fixed Interest	Sterling Strategic Bond	Active
L&G Master Trust Active Global Equity Fund	Equities	Global Equities	Active

L&G Target Date Fund	Target Date	Specialist	Active
L&G Lifetime Advantage Fund	Target Date	Specialist	Active
HSBC Shariah Multi-Asset Fund	Multi-Asset	Flexible Investment	Active
HSBC Global Sukuk Fund	Fixed Interest	Specialist	Passive
HSBC Islamic Global Equity Index Fund	Equities	Global Equities	Passive

1. The L&G Cash Fund has a benchmark of Sonia. The Fund's objective is to perform in line with its benchmark.

## Lifestyle Funds

- L&G Islamic Lifestyle Profile Fund
- L&G Cash Lifestyle Fund
- L&G Annuity Lifestyle Fund
- L&G Drawdown Lifestyle Fund
- L&G Annuity Lifestyle - Master Trust Future World Multi-Asset Fund
- L&G Cash Lifestyle - Master Trust Future World Multi-Asset Fund
- L&G Drawdown Lifestyle - Master Trust Future World Multi-Asset Fund



**Registration**

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**Authorisation**

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).