

# **Griffith Pension Scheme (the "Scheme")**

## **Statement of Investment Principles – July 2026**

### **1. Introduction**

The Trustees of the Griffith Pension Scheme (the "Scheme") have drawn up this Statement of Investment Principles (the "Statement") to comply with the requirements of the Pensions Act 1995 (the "Act") and associated legislation including the Occupational Pension Schemes (Investment) Regulations 2005 (as amended). The Statement is intended to affirm the investment principles that govern decisions about the Scheme's investments. The Trustees' investment responsibilities are governed by the Scheme's Trust Deed and Rules, of which this Statement takes full regard.

In preparing this Statement, the Trustees have consulted a suitably qualified person by obtaining written advice from Mercer Limited ("Mercer"). In addition, consultation has been undertaken with Griffith Foods Limited (the "Sponsor") to ascertain whether there are any material issues of which the Trustees should be aware in agreeing the Scheme's investment arrangements and, in particular, on the Trustees' objectives.

### **2. Process for Choosing Investments**

The Trustees have appointed Mercer to act as discretionary investment manager, by way of Mercer's Dynamic De-risking Solution, to implement the Trustees' strategy whereby the level of investment risk reduces as the Scheme's funding level improves. Following significant funding improvements over the previous years, in May 2026, the Trustees agreed to complete a final de-risking measure, transitioning to a 100% bond-based portfolio. This transition aligns the portfolio in line with that of an insurer as the Scheme progresses towards its end-game objective in the short-medium term.

In this capacity, and subject to agreed restrictions, the Scheme's assets are invested in multi-client collective investment schemes ("Mercer Funds") managed by a management company (Mercer Global Investments Management Limited ("MGIM")). MGIM has appointed Mercer Global Investments Europe Limited ("MGIE") as investment manager of the Mercer Funds. In practice, MGIE delegates the discretionary investment management for the Mercer Funds to sub-investment managers based in countries such as Ireland, UK and USA and those sub-investment managers will manage either a sub-fund or certain segments of a sub-fund. Mercer has expertise in identifying, selecting and combining highly rated fund managers who are best placed and resourced to manage the Scheme's assets on a day to day basis.

In considering appropriate investments for the Scheme, the Trustees have obtained and considered the written advice of Mercer, whom the Trustees believe to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

### **3. Investment Objectives**

The Trustees understand that taking some investment risk, with the support of the Sponsor, is necessary to improve the Scheme's current funding position, both on an ongoing basis and on the long term (de-risked) basis. The Trustees recognise that investment in return seeking ("growth") assets, like equities, will bring increased volatility of the funding level, but in the expectation of improvements in the Scheme's funding level through equity (and other growth asset) outperformance of the liabilities over the long term. It is important to note that, following the recent de-risking measure taken by the Trustees, the Scheme no longer holds return seeking assets and hence, has removed the risk of volatility in the funding position from growth assets.

The Trustees' primary objective is to act in the best interest of its members and ensure that the obligations to the beneficiaries of the Scheme can be met. In meeting this objective, the Trustees' further objectives are to:

- By means of an agreed combination of investment return and funding budget from the Sponsor, move the Scheme to a position of being 110% funded on the agreed de-risked funding basis (gilts +0.5% p.a.) by around 2038-2044 (albeit, following the 2026 investment strategy review, when accounting for the additional contribution in February 2026, this timeframe was brought forward to 2027). The 110% target represents a broad proxy for the likely level of assets required to have strategic flexibility to pursue an insurer transaction in the future.
- In doing so, to opportunistically reduce the degree of risk in the Scheme's investment arrangements, thereby helping to protect the Scheme's improving funding position (noting the de-risking activity implemented in June 2026 has effectively concluded this opportunistic de-risking journey plan).

The objectives set out above and the risks and other factors referenced in this Statement are those that the Trustees determine to be financially material considerations. Non-financial considerations are discussed in section 9.

### **4. Risk Management and Measurement**

There are various risks to which any pension scheme is exposed. The Trustees' policy on risk management is as follows:

- The primary risk upon which the Trustees focus is that arising through a mismatch between the Scheme's assets and its liabilities and the Sponsor's ability to support this mismatch risk.
- The Trustees recognise that whilst taking risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Scheme's accruing liabilities as well as producing more volatility in the Scheme's funding position.
- Whilst moving towards the target funding level, the Trustees recognise that even if the Scheme's assets are invested in the Matching Portfolio there may still be a mismatch between the interest-rate and inflation sensitivity of the Scheme's assets and the Scheme's liabilities due to the mismatch in duration between assets in the Matching Portfolio and actuarial liabilities.

- The Trustees invest in leveraged LDI funds to maintain the liability hedging without impacting on expected return but recognise that the use of leveraged LDI brings with it additional liquidity risks and requirements which can change over short periods of time with interest rate changes. The Trustees and Mercer review the Matching portfolio as part of the regular reporting and strategy reviews, including consideration of the market stress buffer and governance.
- To help the Trustees ensure the continuing suitability of the current investments, Mercer provides the Trustees with regular reports regarding the performance of the underlying asset managers appointed within the relevant Mercer Funds to enable the monitoring of differences between the expected and experienced levels of risk and return.
- There is a risk that the day-to-day management of the assets will not achieve the rate of investment return expected by the Trustees. The Trustees recognise that the use of active investment managers involves such a risk. However, for specific asset classes it believes that this risk is outweighed by the potential gains from successful active management. Likewise, passive management will be used for one of a number of reasons, namely to diversify and reduce risk and when investing in certain asset classes where, due to relatively efficient markets the scope for achieving added value is more limited.
- To help diversify manager specific risk, the Trustees expect that the Scheme's assets are managed by appropriate underlying asset managers.
- By investing in the Mercer Funds, the Trustees do not make investments in securities that are not traded on regulated markets. However, should the Scheme's assets be invested in such securities, in recognition of the associated risks (in particular liquidity and counterparty exposure) such investments would normally only be made with the purpose of reducing the Scheme's mismatch risk relative to its liabilities or to facilitate efficient portfolio management. In any event the Trustees would ensure that the assets of the Scheme are predominantly invested on regulated markets.
- The Trustees recognise the risks inherent in holding illiquid assets. The Trustees have carefully considered the Scheme's liquidity requirements and time horizon when setting the investment strategy and liquidity risk is managed by ensuring illiquid asset classes represent an appropriate proportion of the overall investment strategy.
- The Trustees recognise that environmental, social and corporate governance concerns, including climate change, have a financially material impact on return. Section 9 sets out how these risks are managed.
- Responsibility for the safe custody of the Scheme's assets is delegated to Mercer who has appointed State Street Custodial Services (Ireland) Limited as custodian of the assets invested in their vehicles. Mercer is responsible for keeping the suitability of State Street under ongoing review.

Should there be a material change in the Scheme's circumstances, the Trustees will advise Mercer, who will review whether and to what extent the investment arrangements should be altered; in particular whether the current de-risking strategy remains appropriate.

## **5. Investment Strategy**

The Trustees, with advice from the Scheme's Investment Consultant and Scheme Actuary, have regularly reviewed the investment strategy. Every three years a quantitative investment

review takes place to take account of the latest actuarial valuation. At these reviews the Trustees will consider the investment objectives, their ability and willingness to take risk (the “risk budget”) and how this risk budget should be allocated and implemented (including de-risking strategies).

Following the initial review undertaken, the key decision was to seek a long-term solution to “de-risk” the Scheme’s assets relative to its liabilities over time using a dynamic trigger based de-risking framework. The Trustees decided to engage with Mercer to implement their de-risking strategy, by way of its Dynamic De-risking Solution. The approach undertaken related the asset allocation of the Scheme to the Scheme’s funding level (on an actuarial basis using a single discount rate of 0.5% p.a. in excess of the appropriate gilt yield curve i.e. a “gilts + 0.5% basis”).

Following significant funding improvements over the previous years, in June 2026, the Trustees implemented a final de-risking measure, transitioning to a 100% bond-based Matching portfolio allocation whereby the target explicit funded liability hedge ratio is now 100%, thereby reducing the funding level volatility as the Scheme’s assets are more closely linked to the liabilities. In addition, this transition aligns the portfolio in line with that of an insurer as the Scheme progresses towards its end-game objective in the short-medium term.

Responsibility for monitoring the Scheme’s asset allocation, and undertaking any rebalancing activity, is delegated to Mercer. Mercer reports quarterly to the Trustees on its rebalancing activities.

## **6. Realisation of Investments**

The Trustees on behalf of the Scheme hold shares in the Mercer Funds. In its capacity as investment manager to the Mercer Funds, MGIE, and the underlying sub-investment managers appointed by MGIE, within parameters stipulated in the relevant appointment documentation, have discretion in the timing of the realisation of investments and in considerations relating to the liquidity of those investments.

## **7. Cash flow and cash flow management**

Cash flows, whether positive or negative, are taken into account by Mercer when it rebalances the Scheme’s assets in line with the Scheme’s strategic allocation. Mercer is responsible for raising cash flows to meet the Scheme’s requirements.

## **8. Rebalancing**

As noted, responsibility for monitoring the Scheme’s asset allocation and any rebalancing activity is undertaken by Mercer.

Rebalancing takes place in accordance with the provisions of the discretionary investment management agreement entered into between the Trustees and Mercer, and unless specifically agreed, any assets outside of the Scheme’s Portfolio will not be part of such rebalancing.

## **9. Environmental, Social, and Corporate Governance, Stewardship, and Climate Change**

The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

As noted above, the Trustees have appointed Mercer to act as discretionary investment manager in respect of the Scheme's assets and such assets are invested in a range of Mercer Funds managed by MGIE. Asset managers appointed to manage the Mercer Funds are expected to evaluate environmental, social, and corporate governance ("ESG") factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Stewardship Code.

The United Nations' Sustainable Development Goals (SDGs) inform Mercer's long term investment beliefs and direct Mercer's (and the Trustees') thinking when it comes to converting systemic risks into transformational investment opportunities as outlined in Mercer's Sustainability Policy.

The Trustees consider how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's investment processes and those of the underlying asset managers in the monitoring process. Mercer, and MGIE, is expected to provide reporting to the Trustees on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and other asset classes where relevant and data is available, along with climate transition analysis for diversified portfolios.

The Trustees and Mercer believe in integrating financially material sustainability transition and socio-economic risks into investment decision-making, which can potentially enhance portfolio resilience.

The Trustees have appointed Mercer to act as discretionary investment manager in respect of the Scheme's assets and such assets are invested in a range of Mercer Funds managed by MGIE.

Mercer's Investment Philosophy uses a holistic approach, considering market-wide and systemic risks and incorporating sustainability considerations objectives, governance, rewarded risk and value maximization considerations. Mercer's full investment philosophy is also available here: [Investment philosophy](#).

The Trustees have reviewed Mercer's [Sustainability Policy](#), which sets out the key principles and guidelines used by Mercer to consider and respond to sustainability risks and opportunities in investment process decision-making.

Sub-investment asset managers appointed to manage the Mercer Funds are expected to assess and reflect sustainability risks and opportunities in security or asset selection and portfolio construction including climate transition considerations, and this forms part of the selection process.

Mercer's approach to managing climate transition risks and opportunities is consistent with the framework recommended by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

Mercer's [Climate-Related Financial Disclosures Report](#) highlights Mercer's approach in more detail. Disclosure consistent with the TCFD recommendations is also encouraged for appointed managers.

In order for the Trustees to oversee, assess and manage climate-related risks and opportunities for the Scheme, Mercer provides reporting to the Trustees at least annually, on integration of sustainability considerations, stewardship monitoring results, relevant and available climate-related metrics and climate transition analysis.

Mercer screens and monitors listed portfolios for high-severity incidents as flagged according to the UN Global Compact (“UNGC”) Principles that relate to human rights, labour, environment, and corruption issues, as identified by our appointed external research provider and will prioritise engagement with the managers owning those companies based on an internally developed framework.

Mercer may also elect to participate, as appropriate, in collaborative industry engagement initiatives related to engagement priorities, or other topics that are considered aligned with the best interests of the Scheme.

The Trustees recognise the conflict of interest which may arise in the context of sustainable investment. Mercer and MGIE make investment decisions with the aim of improving long-term risk adjusted returns and assesses whether selected sub-investment managers have policies and procedures that manage conflicts in relation to stewardship. Sub-investment managers are required to report on any conflicts of interest and demonstrate that they have adhered to their conflicts of interest policies and reported any breaches.

### **Member views**

Member views are not taken into account in the selection, retention and realisation of investments.

### **Investment Restrictions**

The Trustees have not set any investment restrictions in relation to particular Mercer Funds.

## **10. Trustees’ policies with respect to arrangements with, and evaluation of the performance and remuneration of, asset managers and portfolio turnover costs**

When engaging Mercer as discretionary investment manager to implement the Trustees’ investment strategy outlined in section 5, the Trustees are concerned that, as appropriate and to the extent applicable, Mercer is incentivised to align its strategy and decisions with the profile and duration of the liabilities of the Scheme, in particular, long-term liabilities.

As Mercer manages the Scheme’s assets by way of investment in Mercer Funds, which are multi-client collective investment schemes, the Trustees accept that they do not have the ability to determine the risk profile and return targets of specific Mercer Funds but the Trustees expect Mercer to manage the assets in a manner that is consistent with the Trustees’ overall investment strategy as outlined in section 5. The Trustees have taken steps to satisfy themselves that Mercer has the appropriate knowledge and experience to do so and keeps Mercer’s performance under ongoing review.

Should Mercer fail to align its investment strategies and decisions with the Trustees’ policies, it is open to the Trustees to disinvest some or all of the assets invested managed by Mercer, to seek to renegotiate commercial terms or to terminate Mercer’s appointment.

To evaluate performance, the Trustees receive, and consider, investment performance reports produced on a quarterly basis, which presents performance information and commentary in respect of the Scheme’s funding level and the Mercer Funds in which the Trustees are invested. Such reports have information covering fund performance for the previous three months, one-year, three years and since inception. The Trustees review the absolute performance and relative performance against a portfolio’s and underlying investment

manager's benchmark (over the relevant time period) on a net of fees basis. The Trustees' focus is on the medium to long-term financial and non-financial performance of Mercer and the Mercer Funds.

Neither Mercer or MGIE make investment decisions based on their assessment about the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying sub-investment managers appointed by MGIE to manage assets within the Mercer Funds. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term. The Trustees are, however, able to consider Mercer's and MGIE's assessment of how each underlying sub-investment manager embeds ESG into their investment process and how the manager's responsible investment philosophy aligns with the Trustees' own responsible investment policy. This includes the asset managers' policies on voting and engagement.

Section 9 provides further details of the steps taken, and information available, to review the decisions made by managers, including voting history and the engagement activities of managers to identify decisions that appear out of line with a Mercer Fund's investment objectives or the objectives/policies of the Scheme.

The sub-investment managers are incentivised as they will be aware that their continued appointment by MGIE will be based on their success in meeting MGIE's expectations. If MGIE is dissatisfied then it will, where appropriate, seek to replace the manager.

The Trustees are long-term investors and are not looking to change their investment arrangements on an unduly frequent basis. However, the Trustees do keep those arrangements under review, including the continued engagement of Mercer using, among other things, the reporting described above.

The Trustees monitor, and evaluate, the fees they pay for asset management services on an ongoing basis taking into account the progress made in achieving their investment strategy objectives as outlined in section 5. Mercer's, and MGIE's, fees are based on a percentage of the value of the Scheme's assets under management which covers the design and annual review of the de-risking strategy, and investment management of the assets. In addition, the underlying sub-investment managers of the Mercer Funds also charge fees based on a percentage of the value of the assets under management. In some instances, some of the underlying managers may also be entitled to charge fees based on their performance.

MGIE reviews the fees payable to sub-investment managers managing assets invested in the Mercer Funds on a regular basis with any negotiated fee savings passed directly to the Scheme. Mercer's, MGIE's, and the sub-investment managers', fees are outlined in a quarterly investment strategy report prepared for the Trustees, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee.

Details of all costs and expenses are included in the Mercer Funds' Supplements, the Report & Accounts and within the Scheme's annualised, MiFID II compliant Personalised Cost & Charges statement. The Scheme's Personalised Cost & Charges statement also include details of the transaction costs associated with investment in the Mercer Funds.

The Trustees do not have an explicit targeted portfolio turnover range, given the de-risking mandate, but rebalancing ranges have been designed to avoid unnecessary transaction costs being incurred by unduly frequent rebalancing. Performance is reviewed net of portfolio turnover costs, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE.

## **11. Review of this Statement**

The Trustees will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustees reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.