AMCOR HOLDING 2023 UK PENSION PLAN – AMCOR BEMIS SECTION

STATEMENT OF INVESTMENT PRINCIPLES

The effective date of this Statement is ___________________________2025

1. Introduction

The purpose of this Statement of Investment Principles ("**Statement**") is to document the investment principles governing decisions by the Trustee of the Amcor Bemis Section of the Amcor Holding 2023 UK Pension Plan (the "**Trustee**") in relation to the investments of the Amcor Bemis Section of the Amcor Holding 2023 UK Pension Plan (the "**Plan**").

Regulations require trustees and managers to exercise their investment powers in a manner to ensure the security, quality, liquidity and profitability of a Plan's investments. This includes investing in a manner which considers, and is appropriate to, the nature and duration of the expected future retirement benefits of the Plan; having regard to the need for diversification in the choice of investments for the Plan, making sure that the Plan's assets are invested mainly in regulated markets and limiting any investments in the employer's business.

The Trustee is responsible for setting the investment strategy of the Plan and have delegated the day-to-day management of the Plan's assets to the Plan's Fiduciary Manager (the "**Fiduciary Manager**") under an Investment Management Agreement ("**IMA**").

The Fiduciary Manager is authorised and regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000.

This Statement has been prepared in accordance with Section 35 of the Pensions Act 1995, as amended by the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005.

2. Consultation and Advice

The Trustee is responsible for the investment strategy of the Plan. They have obtained and considered advice on the investment strategy appropriate for the Plan and on the preparation of this Statement.

The Trustee has decided to invest the Plan's assets in a fiduciary management arrangement. Under this arrangement, the Trustee, following advice from the Fiduciary Manager, set specific funding objectives for the Plan and investment guidelines, with the Fiduciary Manager providing the day-to-day management of the assets to achieve these objectives within the guidelines specified.

The Trustee has consulted Amcor Holding (the "**Sponsor'**), the Principal Employer, on this Statement and have taken the Sponsor's comments into account when appropriate to do so.

Upon request, a copy of this Statement is available to the members of the Plan.

3. Objectives

The investment objective is set in relation to valuing the liabilities on a prudent measure whilst also considering the Plan's future expected cashflow requirements

The measure used to value the liabilities is based on the yields available on fixed-interest and index-linked gilts with a spread of 0.25% added above this measure.

The Trustee's long-term objective is to take an appropriate amount of investment risk so that the Plan is sufficiently funded to enter into a 'whole of Plan' buy-in with an insurer.

4. Investment Strategy

The Trustee has invested the Plan's investment portfolio in accordance with a Target Return and Target Hedge Ratio. The portfolio's current investment strategy has a Target Return equal to the return on UK Government Gilts plus 0.4% p.a. net of fees. The Target Hedge Ratio has been set equal to the value of the Plan's liabilities.

The Target Return and Target Hedge Ratio is achieved by investing in a combination of Investment Grade Credit assets and liability hedging (matching) assets. Further detail on the Plan's investment strategy is contained in the Appendix to this Statement.

5. Investment Choice

The types of investments held and the balance between them is adjusted as necessary to match the Trustee's objectives.

The assets of the Plan are invested in the best interests of the members and beneficiaries and in the case of a potential conflict of interest in the sole interests of members and beneficiaries.

The Trustee delegates its powers of investment to the Fiduciary Manager in a manner that is expected to ensure the security, quality, liquidity and profitability of the portfolio as a whole. The assets of the Plan are invested predominantly in regulated markets (with investments not on regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings to avoid accumulations of risk in the portfolio as a whole. The diversification is both within and across the major asset classes.

Assets held to cover the Plan's liabilities are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Plan, but recognising also the return requirement to meet the funding objective.

Investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

The balance between different kinds of investments

The Trustee recognises that the key source of financial risk (in relation to meeting their objectives) arises from the level of target return needed to achieve the objective and the level of liability hedging that is affordable.

To this extent, the Trustee has agreed the Target Return and Target (liability) Hedge Ratio with the Fiduciary Manager, and as appropriate will agree how this Target Return and Target Hedge Ratio should evolve over time as actual experience differs from the expected experience.

The Trustee has delegated responsibility for managing the underlying investments to the Fiduciary Manager, within the guidelines and constraints set out in the IMA. This allows the asset allocation and managers to be adjusted quickly where needed, to best meet the investment objectives of the Plan.

6. Risks

Regular checks are made as to whether the funding and investment strategy remain on target to achieve the objectives, within acceptable parameters. If not, then corrective action is considered (by adjusting the Plan's investment policy, agreeing a contribution schedule with the sponsor or a combination of the two).

The Trustee recognises a number of risks involved in the strategy and investment of the assets and monitor these risks in conjunction with their Fiduciary Manager (and other providers) where appropriate.

6.a Solvency risk (the risk of not achieving the funding target in the time frame desired)

Measured through a qualitative and quantitative assessment of the expected development of the liabilities relative to the current and alternative investment policies.

Managed through assessing the progress of the actual growth of the liabilities relative to the assets on a regular basis.

The Fiduciary Manager monitors the Plan's assets relative to the gilts +0.25% liability measure and an approximate buy-out liability measure daily. The Fiduciary Manager prepares a written report for the Trustee every quarter detailing changes over the quarter and any actions taken.

The Plan Actuary also prepares a written report on a triennial basis which includes an estimate of the cost of purchasing annuity policies for the Plan's members.

6.b Investment risk

There are many investment related risks which the Trustee is aware of. Including; manager risk, liquidity risk (i.e. the risk of being unable to realise investments for cash), the risk of holding inappropriate investments, currency risk, political risk, corporate governance risk, counterparty risk, basis risk and legal and operational risk.

To reduce these risks, the Fiduciary Manager ensures the assets are diversified over different asset classes, sectors, securities and investment managers. The Fiduciary Manager regularly monitors the underlying managers' performance, processes and capabilities.

The Fiduciary Manager is also responsible for managing overall currency risk.

The Trustee also acknowledges the following investment related risks and monitor these with the support from the Fiduciary Manager and their other advisors.

- The actual return on the investment portfolio vs the Target Return. The Target Return is not guaranteed, the Plan's investment portfolio may not evolve as expected or indeed may fall in value.
- The funding level (measured as the ratio of the value of the investment portfolio and the gilts +0.25% liability value) may decrease as a result of long-term gilt yields rising or inflation expectations falling.
- The probability of achieving sufficient funding to enter into a whole of Plan buy-in over a given timeframe is sensitive to insurer pricing of bulk annuities (Buy-in pricing risk). Elements of buy-in pricing risk cannot be fully mitigated (for example, pricing impact due to changes in insurance regulations or a change in mortality / longevity assumptions).

6.c Custodian risk

Custodian banks provide secure safekeeping and trading of the assets.

This risk is measured by assessing the credit-worthiness of the custodian bank and the ability of the organisation to settle trades on time and provide secure safekeeping of the assets under custody.

The Fiduciary Manager ratifies the trade reports and expected cashflows against the custodians. Restrictions are also applied to who can authorise transfers of cash and the account to which transfers can be made.

6.d Fraud / Dishonesty

Addressed through the Fiduciary Manager having the appropriate internal controls and segregation of duties, appropriate insurance policies and internal and external audit.

6.e Liquidity risk (ability to pay member benefits as they fall due)

The Plan's administrator monitors monthly benefit payments and ensures sufficient cash is available to meet payments when due. The Fiduciary Manager invests predominantly in assets that can be quickly sold for cash if necessary.

6.f Covenant Risk

Risks associated with changes in the Sponsor's covenant are regularly monitored by the Trustee and assessed by various means. This includes the Sponsor periodically providing the Trustee with updates on the strength of its covenant along with the Trustee also monitoring the Sponsor's failure Score (as defined for the purposes of calculating the risk-based element of the Pension Protection Fund levy).

7. Monitoring

The Trustee monitors the performance of the assets on a quarterly basis via investment monitoring reports prepared by the Fiduciary Manager.

The Fiduciary Manager monitors the Plan daily, including:

- The funding level on the gilts+0.25% basis
- The buyout basis estimate funding level
- The asset allocation
- The hedge ratio
- The investment managers
- The cash position (specifically cash held within the fiduciary management arrangements, i.e. excluding any cash held in the Trustee bank account)

Where action needs to be taken or is deemed to be sensible (for instance due to favourable/changing market conditions), the Fiduciary Manager will make appropriate changes, subject to the guidelines agreed with the Trustee.

Where changes cannot be made due to the guidelines specified, and the Fiduciary Manager believes the changes would be sensible, the Fiduciary Manager will work with the Trustee to explore whether the guidelines can be adjusted and how this may impact the Plan's strategy.

The Fiduciary Manager provides regular updates at Trustee meetings and provides information to other third parties at the request of the Trustee, such as administrators and auditors.

In addition, the Trustee regularly reviews the performance and services of the Fiduciary Manager.

8. Custody

Day-to-day control of custody arrangements for the Plan's assets is delegated to State Street Bank and Trust Company, who is independent of the Sponsor and Fiduciary Manager.

In addition, as the Plan invests in pooled funds, these funds each have a custodian. The investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets.

9. Realisation of Investments

The Trustee has delegated the realisation of investments to the Fiduciary Manager. The Fiduciary Manager monitors the Plan's investment portfolio daily and in accordance with the objectives set by the Trustee. The Fiduciary Manager will use contributions into and disinvestments out of the Plan's investment portfolio to manage and, if necessary, rebalance the portfolio in-line with the objectives set by the Trustee.

10. Financially Material Considerations

Over the period to achieving the overall investment objective of reaching full funding on the gilts +0.25% low risk basis, the Trustee has tasked the Fiduciary Manager with monitoring financially material risks (including ESG considerations) within the Plan's investment portfolio. In addition to this, the Fiduciary Manager will use active ownership (see Section 12 - Stewardship) to manage the Plan's investment portfolio through time. The Fiduciary Manager also monitors, and where necessary reduces, the financially material risks which the Plan is exposed to as it travels through its journey to ultimately achieve its objective.

11. Environmental, Social and Governance Considerations

In accordance with the Trustee's focus on financially material considerations, it is acknowledged that Environment, Social and Governance (ESG) factors can impact security prices.

The Trustee has delegated day-to-day investment decisions to the Fiduciary Manager, and is satisfied that the Fiduciary Manager employs a well-developed ESG framework which is summarised below:

Exclusionary / Inclusionary Screening – This involves excluding companies which operate in particular sectors or areas, including the equity of companies involved with the manufacture of controversial weapons (namely cluster munitions) and tobacco producers from the range of funds which the Plan invests in.

ESG Factor Integration – As part of the Fiduciary Manager's investment research process, the underlying managers used to implement investment ideas receive an ESG rating which is both qualitative and quantitative in nature. Each manager's ESG factor is then considered and monitored as part of the wider manager research process.

ESG Reporting – On an annual basis the Fiduciary Manager provides the Trustee with an ESG report which provides further information on how ESG factors are monitored within the portfolio.

To further demonstrate the Fiduciary Manager's commitment to ESG issues, it has been a signatory of the UN Principles for Responsible Investment ("UN PRI" or the "Principles") since 2009. The Principles are a voluntary set of global best practices that aim to provide a framework for integrating environmental, social and corporate governance issues into financial analysis, investment decision-making and ownership practices. The Principles are voluntary and aspirational and are listed below:

1. The Fiduciary Manager will incorporate environmental, social and corporate governance issues into investment analysis and decision-making processes.
2. The Fiduciary Manager will be an active asset owner, incorporating environmental, social and corporate governance issues into its ownership policies and practices.
3. The Fiduciary Manager will seek appropriate disclosure on environmental, social and corporate governance issues from the entities in which it invests.
4. The Fiduciary Manager promotes acceptance and implementation of the Principles within the investment industry.
5. The Fiduciary Manager will work with other industry participants to enhance the effectiveness of implementing the Principles.
6. The Fiduciary Manager will report on its activities and progress toward implementing the Principles.

The Trustee believes that ESG is suitably addressed as part of the Fiduciary Manager's investment process and that the Fiduciary Manager's values and approach to ESG more generally is suitable for the Plan's circumstances. Furthermore, the Fiduciary Manager reports back to the Trustee on an annual basis on its policies and activities in relation to ESG.

12. Stewardship – Voting and Engagement

The Trustee is aware of their role as responsible stewards of capital and the need to assess all financially material risks which include the risks of climate change as well as other ESG-related factors. The Trustee believes that having a high standard of governance, promotion of corporate responsibility and appreciation of environmental factors will be additive and will help protect long term financial value.

The Trustee has reviewed and from time to time will request and review certain policies or policy statements of the Fiduciary Manager that are considered relevant by the Trustee to consider the extent to which they align with the Trustee's policies. Where the Trustee identifies any inconsistency between these policies or policy statements and the Trustee's policies, the Trustee will engage with the Fiduciary Manager to consider how to promote alignment between the Manager's approach and the Trustee's investment policies. The Trustee expects the Fiduciary Manager to: (i) be a signatory to the UN PRI Code; (ii) be a signatory to the UK Stewardship Code 2020; and (iii) provide adequate transparency around stewardship including an annual report on stewardship activities undertaken.

The Trustee engages with the Fiduciary Manager as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned. This will take the form of annual reporting which will be made available to Plan members.

12.a Proxy Voting, Engagement and Monitoring Investee Company Capital Structures

The Fiduciary Manager uses voting rights as an essential part of the value creation process. The Fiduciary Manager has a Proxy Voting Committee (PVC) which oversees the proxy voting policies, procedures, guidelines and voting decisions. The Fiduciary Manager has provided the Trustee with a copy of its UK Stewardship Code Statement and the Proxy and Engagement report and provides the Trustee with an annual report on the votes which have been cast on the Plan's behalf.

The Fiduciary Manager's preferred approach to engagement is to use an integrated and inclusive approach to promote changes that protect and enhance shareholder value and shareholder rights.

When engaging with a company the Fiduciary Manager makes a concerted effort to focus on the issues that it believes will have the most impact on shareholder value. The Fiduciary Manager also applies a collaborative approach to Engagement with the underlying investment managers which are appointed. The report provided to the Trustee on an annual basis includes examples of how the Fiduciary Manager has engaged with companies on the Trustee's behalf over the prior 12-month period.

The Fiduciary Manager monitors the underlying assets to ensure they are performing in-line with expectations. The Trustee may engage with the Fiduciary Manager, who in turn is able to engage with underlying asset managers, investee company or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made. Where a significant concern is identified, the Trustee will consider, on a case-by-case basis, a range of methods by which it would monitor and engage so as to bring about the best long-term outcomes for the Plan.

12.b UK Stewardship Code

The Fiduciary Manager is a signatory to the UK Stewardship Code 2020 and has been since 2021. Prior to this the Fiduciary Manager was a signatory to the preceding UK Stewardship Code 2012. The Fiduciary Manager fully intends to maintain signatory status via submission of an annual report to the Financial Reporting Council.

12.c Conflicts of Interest

The Trustee is aware that actual and potential conflicts of interest can exist across all aspects of the investment arrangements. The Trustee maintains and periodically reviews a Conflict of Interest Policy.

The Fiduciary Manager has provided the Trustee with its Conflicts of Interest policy. The Trustee is satisfied that the conflicts that exist are managed in accordance with the regulatory requirements, a culture of integrity, and independent oversight and monitoring. The Trustee may engage with the Fiduciary Manager on matters concerning the management of actual or potential conflict of interests between the Fiduciary Manager, or the underlying managers, and the underlying investments being made. Should the Trustee identify a situation where conflict of interest is an issue, the Trustee will monitor and engage to achieve the best long-term outcome for the Plan and its beneficiaries. Russell Investments Limited is regulated by the FCA.

13. Non-Financial Factors

The Trustee has not directly sought the views of the Plan's members in producing this Statement of Investment Principles. However, the Trustee has reviewed the Fiduciary Manager's latest Investment Stewardship report, which is hosted on the Financial Reporting Council website, required by all signatories of the UK stewardship code, and covers the Fiduciary Manager's general beliefs and approach to ESG and stewardship (including climate change). They believe the policies currently in place are appropriate for the Plan and they hope this would be satisfactory for the majority of the Plan's membership. In the event the Plan's members were to bring views around ESG and stewardship to the attention of the Trustee the board may give these views consideration if deemed appropriate for the Plan's circumstances.

14. Arrangement with the Fiduciary Manager

The Trustee recognises the importance of ensuring that the Fiduciary Manager's investment strategy aligns with the Trustee's investment policies. The Trustee's arrangements with the Fiduciary Manager, as detailed in this section 14, seek to incentivise the Fiduciary Manager to align its investment strategy and decisions with the Trustee's investment policies and to make decisions and operate in a manner that best generates medium to long-term financial and non-financial results for the Plan and its beneficiaries.

14.a Implementation

The services provided by the Fiduciary Manager include implementing the Plan's investment strategy, including risk management, portfolio construction and manager selection (which includes continuous monitoring of managers and revision to managers where required). The Fiduciary Manager monitors its sub-advisors and the companies held in its portfolios in accordance with its Stewardship Policy.

The Trustee expects the Fiduciary Manager, where appropriate, to make decisions based on assessments of the longer-term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. This includes monitoring and engaging with underlying investment managers to ensure they are aligned with the investment objectives of the Plan. On an annual basis the Fiduciary Manager reports back to the Trustee on its engagement and stewardship practices via the annual implementation statement.

14.b Evaluation of Performance, Remuneration and Incentivisation

The Trustee carries out periodic reviews to assess the Fiduciary Manager's performance (net of all costs) relative to the objectives set by the Trustee and against the Plan's specific liability benchmark The Trustee will consider both short (quarter) and longer-term horizons (3 and 5 years) when assessing the performance of the Fiduciary Manager.

The remuneration paid to the Fiduciary Manager and the fees incurred by third parties appointed by the Fiduciary Manager are provided annually by the Fiduciary Manager to the Trustee. This cost information is set out alongside the performance of the Fiduciary Manager to provide context. The Trustee monitors these costs and performance trends over time.

As part of the annual audit the Plan's auditor also reviews the fees which have been incurred during each year to ensure the remuneration is in line with what is specified in the IMA.

The Trustee believes that setting clear expectations to the Fiduciary Manager and by regularly monitoring the Fiduciary Manager's performance versus those expectations, incentivises the Fiduciary Manager to make decisions that align with the Trustee's investment policies and are based on assessments of medium and long term financial and non-financial performance.

14.c Portfolio turnover costs

The Fiduciary Manager provides the Trustee with an annual breakdown of the portfolio turnover costs which have been incurred in line with the Cost Transparency Initiative (CTI). The Trustee does not have a specified target portfolio turnover figure but does monitor and review the Fiduciary Manager's performance net of all transaction costs.

The Trustee understands that the Fiduciary Manager will need to carry out trading within the portfolio to meet the return objective and properly manage risks. The Fiduciary Manager monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the investment managers appointed on behalf of the Trustee. Ultimately, the Fiduciary Manager is incentivised to manage transaction costs effectively given the adverse impact on performance.

14.d Monitoring Investment Performance

The Trustee receives quarterly reports and verbal updates from the Fiduciary Manager on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The

Trustee focuses on medium- to longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Plan's objectives.

The Trustee receives annual stewardship reports on the monitoring and engagement activities carried out by the Fiduciary Manager, which supports the Trustee in determining the extent to which the Plan's engagement policy has been followed throughout the year.

The Trustee also receives annual cost transparency reporting from the Fiduciary Manager in line with the prevailing regulatory requirements for fiduciary managers. These include but are not limited to the total costs incurred by the Plan, the fees paid to the Fiduciary Manager and underlying managers, the amount of portfolio turnover costs (in relation to section 14.c above), charges incurred through the use of pooled funds (e.g. custody, admin, audit fees etc.) and the impact of these costs on the investment return achieved by the Plan.

14.e Duration of Agreement

The Trustee's arrangement with the Fiduciary Manager is not for a fixed term but an ongoing arrangement. The Trustee has a right to terminate this arrangement on notice under the terms specified in the IMA. The periodic reviews (referred to above) is an opportunity for ongoing assessment of the arrangement with the Fiduciary Manager with particular consideration for how the Fiduciary Manager aligns to the Trustee's investment policies.

15. Timing of Periodic Review

The Trustee will review the Statement and the Plan's investment strategy each year and additionally whenever it believes there to be a significant change in the Plan's circumstances.

The Appendix to this Statement contains further detail of the investment strategy and may be updated from time to time without updating this Statement.

16. Additional Voluntary Contributions ("AVCs") Arrangements

AVC's for members represent contributions made to purchase additional benefits within HM Revenue and Customs limits. Assets acquired with these contributions have been invested in policies of assurance underwritten by Utmost Life and Pensions .

The Trustee has taken into account members' potential circumstances, members' potential attitudes to risk and the long-term performance characteristics of various asset classes, in terms of their expected returns and the variability of those returns, in deciding on the range of funds to make available to members. Each member is responsible for specifying one or more of the available funds for investment of his account, having regard to his attitude to the risks involved. The Trustee keeps the suitability and performance of these investments under review.

Jon Walters	Signed by: Jon Walters BE6250B3B67C42E...	24 March 2025 | 14:06 GMT
Name (Print)	Signature	Date
John Breedon	Signed by: John Breedon 13B0061EC9FE4B2...	24 March 2025 | 14:06 GMT
Name (Print)	Signature	Date

Amcor Holding 2023 UK Pension Plan(the "Plan")
Investment Policy: Appendix to Statement of Investment Principles

This Appendix sets out further detail on the Trustee's investment policies and is supplementary to the Trustee's Statement of Investment Principles (the attached "Statement").

Additional Voluntary Contributions AVC's

AVC's are invested through Utmost Life and Pensions Limited.

Utmost Life and Pensions Limited's sustainability approach is described on their website - https://www.utmost.co.uk/about-us/sustainability/

Given the size of the AVC holdings and the limited engagement offered by the providers the Trustee believes the steps taken are sufficient to meet their obligations.

Fiduciary Management Arrangements

Advice and Management

The Trustee has appointed Russell Investments to act as the Plan's Fiduciary Manager. The information contained within this Appendix provides further detail on the services provided and the Trustee's policies, which have been developed in conjunction with Russell Investments.

Investment Strategy

The investment strategy aims to grow the Plan's investment portfolio and align it so that the Plan is sufficiently funded to enter into a 'whole of Plan' buy-in with an insurer. The current approach is to use the gilts + 0.25% basis as a proxy for the future price of buy-in.

As part of the latest investment strategy review, based on modelling as at 30 November 2023 (carried out when this was the former Bemis Swansea Limited Pension Plan), Russell Investments informed the Trustee that the Plan was forecast to achieve this objective by mid 2027.

To deliver this objective, the Trustee ais following the investment strategy set out below:

- The investment portfolio is required to deliver a Target Return of 0.4% per annum in excess of the return on UK government Gilts, on a net of fees basis.
- The Trustee also sets the level of long-term interest rate and inflation hedging equal to the value of the Plan's funded liabilities. The level of long-term interest rate and inflation hedging is referred to as the Target Hedge Ratio throughout this document.
- Allocating to investment grade credit investments to help manage the credit sensitive element of buy-in pricing risk.

To achieve this objective, the Plan uses the following sub-portfolios:

- Investment Grade Credit Portfolio: The core of the sub-portfolio will be investment grade corporate bonds managed on a buy and maintain basis. Any non-GBP bonds will be held on a currency hedged basis. The buy and maintain approach is expected to provide known future cashflows that have a high likelihood of being paid in full, minimising the impact of default and currency risk, whilst avoiding undue transaction costs. The Investment Grade Credit Portfolio will also invest in actively managed investment grade credit. This will provide daily liquidity and additional diversification across sectors and geographies. The Investment Grade Credit Portfolio will contribute to the Target Return and the Target Hedge Ratio.

- Matching Portfolio: The Matching Portfolio is structured to minimise the impact of changes in long-term interest rates and inflation expectations on the value of the Plan's deficit. To provide the required level of protection the Matching Portfolio invests in UK Government Bonds and Liability Driven Investment funds which are derivatives based on UK Government Bonds. The Matching portfolio is structured to mirror the nature and duration of the Plan's liabilities. The Income Generating Portfolio provides a small amount of interest rate protection, this is incorporated into the design of the Matching Portfolio such that overall portfolio has the required level of interest rate and inflation protection.

The allocation between these sub-portfolios is shown below:

PORTFOLIO TYPE	TARGET	% AS AT 30 DECEMBER 2024
Investment Grade Credit Portfolio	To generate quarterly income which is used to meet the on-going benefit payments, liquidity and additional diversification across sectors and geographies.	53.7%
Matching Portfolio	To manage interest rate and inflation risk	46.3%
Total		**100%**

The allocation between these sub-portfolios may vary over time to meet the objectives of the Plan. The Fiduciary Manager is accountable for managing the allocation to and within the Investment Grade Credit Portfolio and Matching Portfolios to meet the objectives, within the guidelines set by the Trustee (the investment guidelines being included in the IMA).

Cash balances

In addition to the assets managed by the Fiduciary Manager, the Trustee will run a bank account which holds a working balance of cash, held for imminent payment of benefits, expenses, etc. Under normal circumstances it is not the Trustee's intention to hold a significant cash balance, and this is carefully monitored by the Plan's administrators.