Ardagh Metal Beverage UK Pension Scheme
Statement of Investment Principles

The following document outlines the Scheme's Statement of Investment Principles, which sets out the Scheme's investment objective, the Scheme's investment strategy, the Trustee's approach to risk management, issues concerning implementation of the strategy and the policy on governance.

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

The principles outlined in this section of the Statement of Investment Principles became effective following the delegation of certain decision making powers by the Trustee to its fiduciary manager, Aon Investments Limited ("AIL"). The Trustee has taken advice from its investment adviser, Aon Investments Limited ("Aon"), regarding the suitability of AIL in this capacity.

INVESTMENT OBJECTIVE

The Trustee aims to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided. In setting investment strategy, the Trustee first considered the lowest risk asset allocation (apart from full Scheme buy-out) that it could adopt in relation to the Scheme's liabilities. The asset allocation strategy it has selected is designed to achieve a higher return than the lowest risk strategy, while maintaining a prudent approach to meeting the Scheme's liabilities.

The objective of the selected asset allocation strategy is to outperform the Liability Benchmark by 1.75 % per annum over rolling three year periods.

STRATEGY

The strategy chosen to meet the objective above compromises of a Growth Portfolio and a Matching Portfolio. The Matching Portfolio aims to take into account the movement in the underlying value of the Scheme's liabilities; in particular, their sensitivity to changes in interest rate and inflation expectations; and the Growth Portfolio is affected by market prices of a broad range of asset classes. More detail is included in the Appendix.

The asset allocation strategy was determined with regard to the actuarial characteristics of the Scheme, in particular the strength of the funding position and the liability profile.

The Trustee’s policy is to make the assumption that growth assets will outperform matching assets over the long term. However, the Trustee recognises the potential volatility in growth asset returns, particularly relative to the Scheme’s liabilities, and the risk that the investment managers chosen by AIL do not achieve the targets set. When choosing the Scheme’s asset allocation strategy, the Trustee considered written advice from its investment adviser and, in doing so, addressed the following:

- The need to consider a full range of asset classes (including alternative asset classes).
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.

In addition, the Trustee consulted with the Sponsoring Employer when setting this strategy.

It is the Trustee's policy to review the investment strategy at regular intervals.

RISK MEASUREMENT AND MANAGEMENT

The Trustee recognises that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities (“funding risk”). The Trustee has identified a number of risks which have the potential to cause deterioration in the Scheme’s funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors (“mismatching risk”). The Trustee and its advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities (“cash flow risk”). The Trustee and its advisers will manage the Scheme's cash flows, taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by AIL to achieve the rate of investment return assumed by the Trustee (“manager risk”). This risk is considered by the Trustee and its advisers both upon the initial appointment of AIL and on an ongoing basis thereafter.

- The failure to spread investment risk ("risk of lack of diversification"). The Trustee and its advisers considered this risk when setting the Scheme's investment strategy.
- The possibility of failure of the Scheme's sponsoring employer ("covenant risk"). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (this will normally be completed triennially). Some of these risks may also be modelled explicitly during the course of such reviews.

The Trustee's policy is to monitor, where possible, these risks periodically. The Trustee receives quarterly reports, which include information such as:

- Performance versus the Scheme's investment objective.
- Any significant issues that may impact AIL's ability to meet the performance target set by the Trustee.

IMPLEMENTATION

Aon has been selected as investment adviser to the Trustee. Aon operates under an agreement to provide a service which ensures the Trustee is fully briefed to take decisions itself and to monitor those it delegates.

The Trustee has delegated all day-to-day decisions in respect of the Scheme's investments to AIL through a written contract, including the allocation of assets between different asset classes and the appointment and monitoring of investment managers. When choosing asset classes and investment managers, the Trustee and AIL are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). AIL's responsibilities include:

- The realisation of investments;
- Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments;

- Delegating voting and corporate governance in relation to the Scheme’s assets to the underlying investment managers as required.

GOVERNANCE

The Trustee is responsible for the investment of the Scheme's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee takes into account whether it has the appropriate training and expert advice in order to take an informed decision. The Trustee has established the following decision making structure:

<table>
<tr><td colspan="2">Trustee
• Sets structures and processes for carrying out its role
• Agrees the overall investment objective
• Monitors actual returns versus the Scheme's investment objective
• Selects and monitors Investment Advisers and AIL
• Selects and monitors direct investments
• Approves this Statement</td></tr>
<tr><td>Fiduciary Manager (AIL)
• Operates within the terms of this Statement and its written contract
• Sets the strategy for investing in different asset classes in line with the Trustee's investment objective
• Determines the strategy for selecting investment managers
• Implements the investment strategy
• Selects and appoints investment managers
• Monitors investment managers
• Adjusts asset allocations to reflect medium term market expectations
• Reports on asset returns against objectives
• Communicates any significant changes to the investment arrangements</td><td>Investment Adviser (Aon)
• Advises on all aspects of the investment of the Scheme's assets
• Advises on the Liability Benchmark used by AIL
• Advises on this Statement
• Provides required training
• Advises on direct investments
• Carries out further project work when required</td></tr>
</table>

The Pensions Act 1995 distinguishes between investments where the management is delegated to an investment manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments.**

The Trustee's policy is to review its direct investments and to obtain written advice about them at regular intervals. These include vehicles available for members' AVCs. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the investment managers.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the investment managers) against the following criteria.

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustee's investment adviser has the knowledge and experience required under the Pensions Act 1995.

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

COST TRANSPARENCY

AIL is paid a Base Fee based on assets under management. This fee is outlined within the AIL Investment Management Agreement.

The Trustee is aware of the importance of monitoring its investment managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustee recognises that in addition to annual management charges, there are other costs incurred by investment managers that can increase the overall cost incurred.

The Trustee receives annual cost transparency reports from AIL. These reports present information in line with prevailing regulatory requirements for fiduciary managers. They clearly set out on an itemised basis:

- The total amount of investment costs incurred by the Scheme;

- The fees paid to AIL;
- The fees paid to the underlying investment managers appointed by AIL;
- The amount of portfolio turnover costs (transaction costs) incurred by the investment managers appointed by AIL;
    - The Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the funds of the underlying investment managers appointed by AIL;
- Any charges incurred through the use of pooled funds (custody, admin, audit fees etc)
- The impact of costs on the investment return achieved by the Scheme.

The Trustee acknowledges that portfolio turnover costs are a necessary cost to generate investment returns and that the level of these costs varies across asset classes and manager. AIL monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the underlying investment managers appointed on behalf of the Trustee.

The Trustee benefits from the economies of scale provided by AIL in two key cost areas:

- The ability of AIL to negotiate reduced annual management charges with the appointed underlying investment managers;
- The ability of AIL to monitor ongoing investment costs (including additional fund expenses and portfolio turnover) incurred by the underlying investment managers and achieve efficiencies where possible

Evaluation of Performance and Remuneration

The Trustee assesses the (net of all costs) performance of AIL on a rolling three-year basis against the Scheme's specific liability benchmark and investment objective. The remuneration paid to AIL and fees incurred by third parties appointed by the AIL are provided annually by AIL to the Trustee. This cost information is set out alongside the performance of AIL to provide context. The Trustee monitors these costs and performance trends over time.

ARRANGEMENTS WITH INVESTMENT MANAGERS

The Trustee recognises that the arrangements with AIL, and correspondingly the underlying investment managers, are important to ensure that interests are aligned. In particular, the Trustee seeks to ensure that AIL is incentivised to operate in a manner that generates the best long-term results for the Scheme and its beneficiaries.

The Trustee receives regular reports and verbal updates from AIL on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy and assesses AIL over rolling 3-year time periods.

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

The Trustee shares the policies, as set out in this SIP, with AIL and requests that it reviews and confirms whether its approach is in alignment with the Trustee's policies.

The Trustee delegates the ongoing monitoring of underlying investment managers to AIL. AIL monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the underlying investment managers are aligned with the investment objectives of the Scheme. This includes monitoring the extent to which the underlying investment managers:

- Make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- Engage with issuers of debt or equity to improve their performance in the medium- to long-term.

Before appointment of a new fiduciary manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation or express its expectations (such as through side letters, in writing, or verbally at trustee meetings) so that there is more alignment.

The Trustee relies on appropriate governing documentation, with clear expectations and regular monitoring to ensure AIL make decisions that align with its policies based on assessments of medium- and long-term financial and non-financial factors.

Where AIL is considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically engage with AIL to understand the circumstances and materiality of the decisions made.

There is typically no set duration for arrangements with AIL although the continued appointment will be reviewed periodically. Similarly, there are no set durations for arrangements with the underlying investment managers that AIL invests in, although this is regularly reviewed as part of the manager research and portfolio management processes in place.

The Trustee expects AIL to handle the assets delegated to it under the terms of its contract and to give effect to the principles in this statement so far as is reasonably practicable.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("ESG") CONSIDERATIONS

In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social and governance factors, including climate change, negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser

The Trustee has appointed AIL to manage the Scheme's assets. AIL invests in a range of underlying investment vehicles. As part of AIL's management of the Scheme's assets, the Trustee expects AIL to:

- Where relevant, assess the integration of ESG factors in the investment process of underlying managers;
- Use its influence to engage with underlying managers to ensure the Scheme's assets are not exposed to undue risk; and
- Report to the Trustee on its ESG activities as required.

STEWARDSHIP – VOTING AND ENGAGEMENT

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as ultimately this creates long-term financial value for the Scheme and its beneficiaries.

The Trustee has delegated all voting and engagement activities to the Scheme's underlying investment managers, via AIL. The Trustee accepts responsibility for how the underlying managers steward assets on its behalf, including the casting of votes in line with each managers' individual voting policies. The Trustee relies on AIL to review manager voting and engagement policies and activities on an annual basis. AIL review these factors to check they are aligned with expectations and can reasonably be considered to be in the Trustee's, and therefore the members', best interests.

As part of AIL's management of the Scheme's assets, the Trustee expects it to:

- monitor and engage with underlying investment managers, including prospective underlying investment managers, on the extent to which they exercise voting rights (where appropriate) in relation to the Scheme's assets; and

- report to the Trustee on stewardship activity by underlying investment managers as required.

Underlying managers are expected to vote at company meetings and engage with companies on the Trustee's behalf in relation to ESG considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest).

Where possible, the transparency for voting should include voting actions and rationale with relevance to the Scheme, in particular where: votes were cast against management; votes against management generally were significant; votes were abstained; voting differed from the voting policy of the Trustee. Where voting is concerned the Trustee would expect underlying investment managers to recall stock lending, as necessary, in order to carry out voting actions.

The Trustee may engage with AIL, who in turn is able to engage with underlying investment managers, investee company or other stakeholders, on matters including performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest. This engagement aims to ensure that robust active ownership behaviours, reflective of the Trustee's active ownership policies, are being actioned. This will take the form of annual reporting and follow up meetings, where necessary, from AIL. Such reporting will be made available to Scheme members on request.

Should the Trustee's monitoring process reveal that a manager's voting and engagement policies and actions are not aligned with the Trustee's expectations, the Trustee will engage with AIL, via different medium such as emails and meetings, to discuss how alignment may be improved to bring about the best long-term outcomes for the Scheme.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy the Trustee does not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]).

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustee also complies with the requirements to maintain and take advice on the Statement and with the disclosure requirements.