Smurfit Kappa UK Executive Pension Fund (the “Fund”)
Statement ofInvestment Principles (the “Statement”)

Scope of Statement

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).

The effective date of this Statement is 31 December 2024. The Smurfit Westrock UK Pension Trustees Limited (the "Trustee") acting in its capacity as Trustee of the Fund will review this Statement and the Fund’s investment strategy no later than three years after the effective date of this Statement and without delay after any significant change in investment policy.

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

Consultations made and parties involved

The Trustee has consulted with the employer prior to writing this Statement and have taken the employer’s comments into account when they believe it is appropriate to do so.

The Trustee is responsible for the investment strategy of the Fund. It has obtained and considered written advice on the investment strategy appropriate for the Fund and on the preparation of this Statement. This advice was provided by Aon Investments Limited (“Aon”) who are authorised and regulated by the Financial Conduct Authority.

The day to day management of the Fund’s assets has been delegated to investment managers who are authorised and regulated by the Financial Conduct Authority and/or the Prudential Regulation Authority. A copy of this Statement is available to the members of the Fund.

The Trustee, following advice from Aon, set specific objectives for the Fund. Russell Investments (the “Manager”) manage the Fund’s assets in multi-asset, multi-manager funds and specialist liability hedging funds and conduct the necessary day to day management of theFund’s assets required to meet the Fund’s objectives.

Objectives

The investment objective is set in relation to the liabilities in terms of the cash flows that are required to be met from the Fund in each future year. In each future year the cash flow is madeup from a mixture of pensioners’ and (current) non-pensioners’ benefits.

The funding objective is based on a risk free measure of liabilities for all future benefit payments and then an explicit allowance is added for excess return derived from the level of risk expected to be taken. The risk free measure used is based on yields on gilts, being the financial instruments which can best match the profile of the expected benefit payments. The allowance for excess return is based on the proportion of growth assets that the Fund holds and an anticipated return that the Trustee is comfortable with in the context of the covenant of the sponsoring employer.

The Fund’s investment objective is to continue to target being fully funded on the long term funding target (g+0.3%) and gradually move towards buyout while minimising the risks to the extent possible.

Choosing investments

This Statement sets out the Trustee's policies for securing compliance with section 35 of the Pensions Act 1995.

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

The assets of the Fund 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 in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk a spread of assets is held. The diversification is both within and across the major asset classes.

The assets of the Fund are invested predominantly on 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 so as to avoid accumulations of risk in the portfolio as a whole.

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

Investment in derivatives is only made in so far as they (a) contribute to the reduction of investment risks; (b) facilitate efficient portfolio management, including the reduction of costs, reduction of risks and the generation of additional capital or income with an acceptable level of risk; (c) for hedging purposes and/or to alter currency exposure; or (d) to create leverage within the Hedging Portfolio. Any such investments must be made and be managed so 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 asset allocation.

The Fund will have an allocation to growth funds ("the Target Return Portfolio"), credit ("the Income Portfolio) and an allocation to liability hedging funds ("the Hedging Portfolio") based on fixed gilts and index-linked gilts. Within this structure:

- The allocation to assets within the Target Return Portfolio is set so that the expected return, together with the planned contributions is expected to be sufficient to meet the funding objective and gradually move towards buyout. The Target Return Portfolio will be well diversified and will be managed actively between asset classes. Within the Target Return Portfolio, fixed income securities may be held as a source of return and a diversifier.

- The Income Portfolio is designed to provide some additional return and match near term expected cashflows.

- The Hedging Portfolio's asset profile is selected to provide protection against movements in interest rates and inflation. The Hedging Portfolio will be tailored to match the liability cash flows as far as is practically possible and will use geared swap and gilt funds to extend the hedging characteristics where appropriate.

The Trustee, following advice from Aon, delegates responsibility for managing their day today asset allocation to the Manager. This allows the asset allocation of the Fund to be adjusted quickly, where needed, in response to changes in funding level, to best meet the investment objectives of the Fund.

The Trustee believes the most appropriate means of setting its investment objectives is through asset and liability modelling, which is carried out following each formal actuarial valuation of the Fund (or more frequently should the circumstances of the Fund change in a material way). Therefore as a minimum the objectives and the parameters used to set asset allocation are reviewed once every three years.

Details of the Target Return, Income and Hedging Portfolios are described in Appendices 1 to 4 respectively.

Expected returns on assets

The Target return is gilts + 0.8% p.a. net of Russell Investments and underlying manager fees. This translates to gilts+0.6% after deduction of expected Aon investment consulting fees.

Monitoring

The Trustee monitors the performance of the assets on a quarterly basis via investment monitoring reports at Trustee meetings.

The Manager will monitor the funding level on a daily basis and has been instructed by the Trustee to conduct asset switches in line with their instructions.

Investment risk measurement and management

Regular checks are made as to whether the funding and investment strategy, remains on target to achieve the original objectives, and within acceptable parameters. If not then corrective action is considered, by adjusting investment policy, or through amendments to the contribution plan.

Risks associated with changes in the employer covenant are assessed by various means. The Trustee has an agreement with the employer to receive notification of any events which have the potential to alter the creditworthiness of the sponsoring employer - in particular, the Trustee will be informed of Type A events, as defined in appropriate guidance issued by the Pensions Regulator and employer-related Notifiable Events. The Trustee also monitors the Failure Score (as defined for the purposes of calculating the risk-based element of the Pension Protection Fund levy).

Custody

Investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets. The managers of the pooled funds are responsible for the appointment and monitoring of the custodian of the Fund's assets.

Day to day control of custody arrangements for the Fund’s assets are delegated to State Street Bank and Trust Company Ltd.

The custodians are independent of the sponsoring employer.

Realisation of investments/liquidity

The Trustee recognises that there is a risk in holding assets that cannot be easily realised should the need arise.

The majority of the assets held are realisable at short notice (either through the sale of direct holdings of stocks, bonds etc. or the sale of units in pooled funds).

Environmental Social and Governance considerations

In setting the Fund's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Fund and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

- 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 when selecting managers and when monitoring their performance, which is delegated to the Fiduciary Manager.

As part of the ongoing decision making and monitoring of underlying investment managers that is delegated to Russell Investments by the Trustee, environmental, social and corporate governance ("ESG") ratings assigned by Russell Investments are used to help monitor the integration of ESG bythe underlying investment managers.

Russell Investments and Aon are signatories of the UN Principles for Responsible Investment ("UN PRI" or the "Principles"). The Principles are a voluntary set of global best practices that aim to providea framework for integrating ESG issues into financial analysis, investment decision-making and ownership practices. The UN Principles for Responsible Investment are voluntary and aspirational. Where consistent with their fiduciary responsibilities, Russell Investments will aim to pursue each ofthe six Principles, these being:

- Incorporating ESG issues into investment analysis and decision-making processes;
- Being active owners and incorporating ESG issues into their ownership policies and practices;
- Seeking appropriate disclosure on ESG issues by the entities in which they invest;
- Promoting acceptance and implementation of the Principles within the investment industry;
- Working together to enhance their effectiveness in implementing the Principles;
- Reporting on their activities and progress toward implementing the Principles.

In order to identify and assess climate change the Trustee has received training on climate change and its associated risks and opportunities and considered the possible short, medium and long-term effects of climate change on the Fund's objectives and its operations.

The process for identifying and assessing climate-related risks and opportunities is captured by:

- Our advisers demonstrating how they have considered short and long-term climate change risks and opportunities when providing new strategic investment advice, new mandates, new funding plans and new advice on the covenant.
- Investments that are Buy rated by Russell Investments having at least an appropriate or advanced process to identify, evaluate and mitigate potential financially material ESG risks, including climate change, within the portfolio.
- Our asset managers demonstrating how they have considered short and long-term climate change risks and opportunities when reporting on their portfolios.

This will enable us to understand what measures are being taken to reflect climate change opportunities and risk within the investments, funding and covenant."

Members' views and non-financial factors

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

Arrangements with the Manager

The Trustee has appointed Russell Investments Limited ("the Manager") as their fiduciary manager, which it considers to be their investment manager. References in this policy to 'underlying investment managers' refers to those investment managers which the Manager in turn appoints, directly or indirectly, to manage investments on behalf of the Trustee.

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

The Trustee receives quarterly reports and verbal updates from the Manager on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focus is on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Fund's objectives, and assesses the Manager over rolling 3- and 5-year periods.

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

The Trustee shares the policies, as set out in this SIP, with the Manager and requests that they review and confirm whether their approach is in alignment with the Trustee's policies.

The Trustee delegates the ongoing monitoring of underlying investment managers to the Manager. The Manager monitors the Fund's investments to consider the extent to which the investment strategyand decisions of the underlying investment managers are aligned with the investment objectives of the Fund. 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 in order to improve their performance in the medium- to long-term.

Before appointing a new fiduciary manager, the Trustee will review 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 so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Fund invests in a collective vehicle, then the Trustee will express their expectations to the investment manager by other means (such as through a side letter, in writing, or verbally at Trustee meetings).

The Trustee believes that having appropriate governing documentation, setting clear expectations to the Manager, and regular monitoring of the Manager's performance and investment strategy, is sufficient to incentivise the Manager to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where the Manager 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 first engage with the Manager but could ultimately replace it where this is deemed necessary.

The Trustee has not set a duration for their arrangements with the Manager, although their continued appointment is reviewed periodically, and at least every 3 years. Similarly, there are no set durations for arrangements with the underlying investment managers that the Manager invests in, although this is regularly reviewed as part of the manager research and portfolio management processes in place.

Costs and Performance

The Trustee is aware of the importance of monitoring their investment managers' total costs and the impact these costs can have on the overall value of the Fund'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 by their investments.

The Trustee receives annual cost transparency reports from the Manager. 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 Fund;
- The fees paid to the Manager;
- The fees paid to the investment managers appointed by the Manager;
- The amount of portfolio turnover costs (transaction costs) incurred by the investment managers appointed by the Manager;
    - The Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the funds of the investment managers appointed by the Manager;
- 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 Fund.

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. The 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.

The Trustee delegates the management of the underlying manager cost transparency relationships to the Manager, however the Trustee expects full compliance with the provision of the cost transparency disclosure templates and that the Manager reports back any non-compliance.

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

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

Evaluation of performance and remuneration:

The Trustee assesses the (net of all costs) performance of the Manager on a rolling 3-year and 5-year basis against the Fund's specific liability benchmark and investment objective. The remuneration paidto the Manager and the fees incurred by third parties appointed by the Manager are provided annuallyby the Manager to the Trustee. This cost information is set out alongside the performance of the Manager to provide context. The Trustee monitors these costs and performance trends over time.

Stewardship - engagement and the exercise of the rights attaching to investments

The Trustee recognises the importance of their role as a steward of capital and the need to assess all financially material risks in their investment decision making process. This includes risks associated with climate change, as well as other ESG-related factors. To this end, the Trustee strives to maintaina high standard of governance, promotion of corporate responsibility and respect of environmental factors throughout the Fund’s portfolio. The Trustee believes that doing so ultimately creates long-term financial value and reduces risk for the Fund and its beneficiaries.

The Trustee carefully reviews the Manager’s approach to stewardship, and other ESG-related matters, and communicates their expectations and standards to the Manager. These standardsinclude:

- The Trustee expects the Manager to be a signatory to the PRI.
- The Trustee expects the Manager to be a signatory to the UK Stewardship Code.
- The Trustee expects the Manager to ensure that, where appropriate, underlying investment managers use their influence as major institutional investors to exercise the Fund's rights and duties as a shareholder.
- The Trustee expects the Manager to provide adequate transparency around stewardship activities, including an annual report on the stewardship activities of the underlying managers.

The Trustee will engage with the 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 Fund members on request.

Where possible, the transparency for voting should include voting actions and rationale with relevance to the Fund, 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 underlying investment manager. Furthermore, where voting is concerned, the Trustee expects underlying investment managers to recall stock lending, as necessary, in order to carry out voting actions.

The Trustee takes responsibility for the voting policies that are implemented on their behalf.

The disclosures offered for engagements should include the objectives and relevance to the Fund and its members, methods of engagement, progress and perspectives around shortcomings and outcomes to date, as well as escalation points and procedures as necessary.

The Trustee reviews the Manager’s stewardship activity on an annual basis to ensure the Fund’s stewardship policy is being appropriately implemented in practice. The Trustee does so to ensure that the Manager acts in a manner that is consistent with the Trustee’s policies and objectives. If the Manager is found to fall short of the standards set by the Trustee, it is expected to provide satisfactory explanations as to why it is not. While the Trustee may seek to engage with the Manager if it is deemed to be falling short of its standards to reach a more sustainable position, failure to comply may result in a decision to replace it.

In line with their commitment to transparency and disclosure, the Trustee reports its responsible investment activities to the Fund’s stakeholders on an annual basis within the Trustee's report and accounts.

The Trustee may engage with the Manager, who in turn is able to engage with underlying investment 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 they would monitor and engage so as to bring about the best long-term outcomes for the Fund.

Additional Voluntary Contributions (“AVC’s”) arrangements

Some members obtain further benefits by paying Additional Voluntary Contributions (AVCs) to the Fund. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions. From time to time the Trustee reviews the choice of investments available to members to ensure that they remain appropriate to the members' needs.

Appendix 1 –Target Return Portfolio

Russell Investments adopt a multi manager approach to investing, whereby they utilise a number of "best of breed" investment manager products to create a single composite fund.

The objective of the Target Return Portfolio is to generate capital appreciation over the course of a complete economic and market cycle through a diversified portfolio of investments.

The Target Return Portfolio will aim to deliver equity like returns in the medium to long term with around 2/3 of the volatility (defined in terms of standard deviation of returns) of equity markets.

A Fund currently within the Target Return Portfolio is the Russell Multi Asset Growth Strategies Fund which has an underlying objective to deliver Cash + 4.5% p.a.

Given the expected asset allocation, it is likely that the Target Return Portfolio will lag equity returns during periods of particularly strong equity markets, while it is expected to outperform equity returns during periods of declining equity markets.

The Target Return Portfolio may invest in collective investment vehicles and other securities including, but not limited to, equity and fixed income securities.

The Target Return Portfolio may employ investment techniques and financial derivative instruments for investment purposes or for efficient portfolio management purposes, such as to reduce risk, reduce cost or to generate additional capital or income for a Fund and for hedging purposes and/or to alter currency exposure.

Last updated: December 2024

Appendix 2 – Income Portfolio

The objective of the Income Portfolio is to provide a match for near term cashflows.

The target return of the Income Portfolio is to deliver a return of cash +1.5%.

Last updated: December 2024

Appendix 3 – Hedging Portfolio

The Hedging Portfolio changes from time to time based on:

- The advice of the Investment Consultant and Scheme Actuary on the portfolio required to match the liabilities.
- The target hedge ratio, which is subject to the expected return requirement. This will constrain the available capital that can be used to hedge the liabilities with an appropriate level of leverage.
- The target hedge ratio is also based on the views of the Trustee on the advice from the Investment Consultant.
- The managers' use of discretion.
- Changing market conditions.
- The expected cashflows of the Fund.

At 31 December 2024 the target hedge was 104% of long term funding liabilities.

The Hedging Portfolio will comprise primarily fixed income securities, inflation–linked securities, money market securities, derivatives and collective investment vehicles that invest in the foregoing instruments.

Swaps and other derivatives may be used to create leverage within the Hedging Portfolio and the Hedging Portfolio may also be invested in collective investment schemes that use derivatives to create leverage. The overall degree of underlying leverage in the Hedging Portfolio will vary with market movements.

Last updated: December 2024

Appendix 4 – Other matters

Cash balances

In addition to the Target Return, Income Portfolio and Hedging Portfolio, the Manager may hold Residual Cash from time to time that is not invested in either Target Return or Hedging Portfolio.

The primary purpose of a Residual Cash allocation will be to meet anticipated disbursements and expenses and to facilitate any short-term cash flows.

Residual Cash will not exceed 5% of the Portfolio in normal circumstances.

Residual Cash will be held on deposit or invested in short term money market funds.

Other cash balances

In addition to the assets managed by the 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 Fund’s administrator.

Fee arrangements

A fee is deducted from the assets managed, to cover a range of services.

Last updated: December 2024.