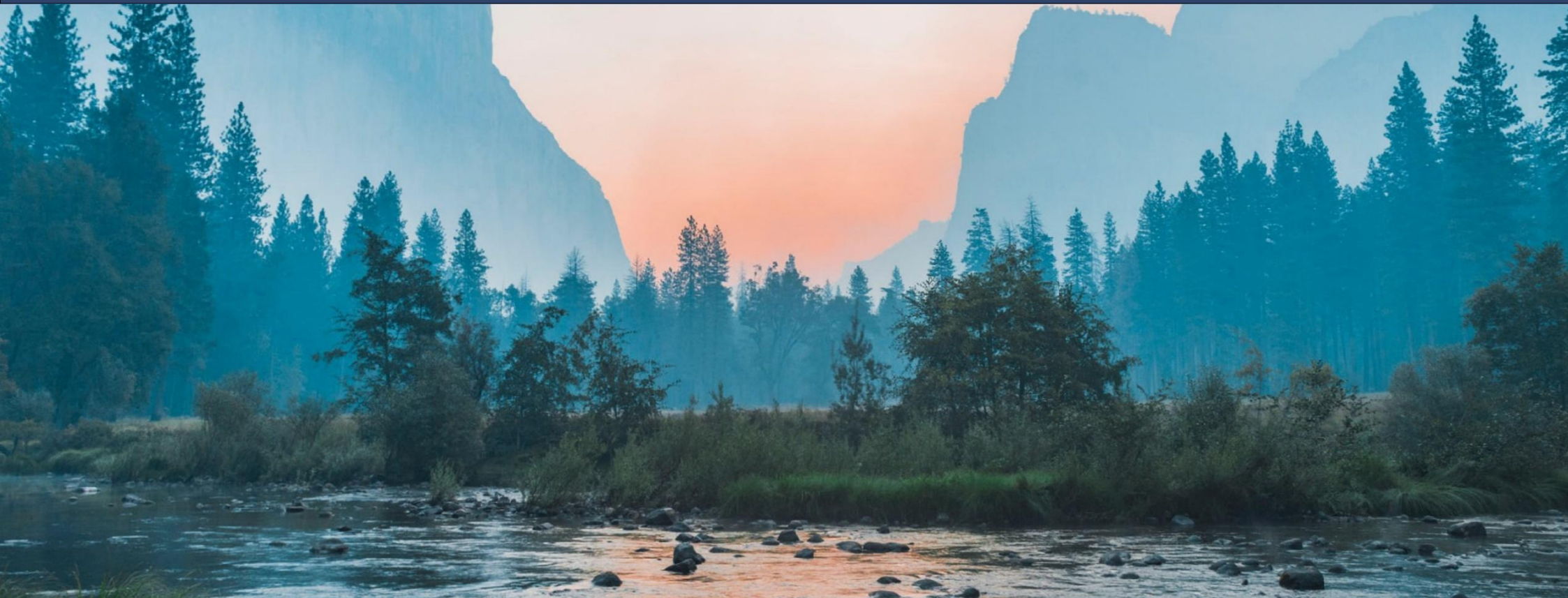


Statement of Investment Principles

For the Cereal Partners UK Pension Fund

Effective from: February 2026



1. Introduction

The Trustee of the Cereal Partners UK Pension Fund has produced this Statement of Investment Principles ("SIP").

It sets out our policies on various matters governing investment decisions for the Cereal Partners UK Pension Fund ("the Fund"), which is a Defined Benefit "DB" pension scheme.

This SIP replaces the previous SIP dated November 2023.

This SIP has been prepared after obtaining and considering written advice from LCP, our investment adviser, whom we believe to be suitably qualified and experienced to provide such advice. The advice considered the suitability of investments including the need for diversification given the circumstances of the Fund and the principles contained in this SIP.

We have consulted with the relevant employers in producing this SIP.

We will review this SIP from time to time and will amend it as appropriate. Reviews will take place without delay after any significant change in investment policy and at least once every three years.

This SIP contains the information required by legislation, and also considers the Pension Regulator's guidance on investments.

We have produced a separate SIP addendum document, which details further background and other matters relevant to the Fund's investments, but which are not required to be included in the SIP.

2. Investment objectives

The Trustee's objectives are that:

- The Fund should be able to meet benefit payments as they fall due; and
- That the Fund's funding position (ie the value of its assets relative to its technical provisions) should remain at an appropriate level. The Trustee is aware that there are various measures of funding and has given due weight to those considered most relevant to the Fund. In particular, the Trustee is not yet targeting full funding on an insurance company "buy-out" basis.

With regard to the AVCs, our investment objective is to make available a suitable range of investment options to meet members' risk / return objectives.

3. Investment strategy

With input from our advisers and in consultation with the employers, we reviewed the investment strategy in May 2025, considering the objectives described in Section 2.

The investment strategy is shown in the following table.

Asset class	Strategic allocation (%)	Control ranges (%)
Global equities	15.0	12.5 – 17.5
Diversified Growth	10.0	7.5 – 12.5
Growth Portfolio	25.0	20.0 – 30.0
Corporate Bonds	35.0	
Asset-Backed Securities	10.0	
Liability driven investments (“LDI”, including supporting liquidity funds)	30.0	
Bond Portfolio	75.0	70.0 – 80.0
Target interest rate and inflation hedging (gilts + 0.5% pa basis)	100.0	

Our policy is to target the maximum expected return level subject to ensuring the level of investment risk is appropriate to reflect the Fund’s circumstances. We believe that the strategy above meets this objective.

The Trustee regularly monitors the asset allocation against the control ranges above. If the control ranges are breached the Trustee will consider whether the assets should be rebalanced towards the strategic allocation.

We have a leverage management plan in place which sets out the assets directly available to support the Fund’s LDI arrangements and the approach that is expected to be taken with regards to selling down any other assets to support the LDI arrangements. We review and update the plan periodically.

The Trustee has put in place a trigger framework to de-risk the investment strategy as the Fund’s funding level gradually improves. The table below sets out the high level investment strategy for each of the trigger(s). The Trustee will agree details of

the asset switches as trigger(s) are reached, reflecting market conditions and the Fund’s circumstances at the time.

Trigger Number	Funding level trigger ¹ (%)	Growth allocation (%)	Bond allocation (%)	New expected return (% pa)	Gilts + 0.5% pa target hedging level (%)
Current	n/a	25.0	75.0	1.1	100
1	105	15.0	85.0	0.8	105

¹Funding level trigger based on a gilts + 0.5% pa liability basis.

4. Considerations in setting the investment arrangements

When deciding how to invest the Fund’s assets, it is our policy to consider a range of asset classes, taking account of the expected returns and risks associated with those asset classes, as well as our beliefs about investment markets and which factors are most likely to impact investment outcomes.

We take an integrated approach when assessing risk and reviewing the investment strategy. In particular we take account of: the employer covenant, contributions, funding targets, liability profile (including interest rate and inflation sensitivities and the extent to which they are hedged) and the level of expected return and risk now and as the strategy evolves.

The primary ways that we manage investment risk is via diversification, ensuring we receive professional written advice prior to making any material investment decision, and our ongoing monitoring and oversight of the investments. Investment risk is measured using “Value at Risk”. Further details of specific risks (for example equity risk, credit risk and currency risk) and how we measure and manage those risks is set out in Part 2 of the SIP addendum.

In setting the strategy, it is our policy to consider:

- our investment objectives, including the target return required to

meet these

- the circumstances of the Fund, including the profile of the benefit cash flows (and the ability to meet these in the near to medium term), the funding level, and the strength of the employer covenant
- the need for appropriate diversification between different asset classes to manage investment risk and ensure that both the overall level of investment risk and the balance of individual asset risks are appropriate

In determining the investment arrangements for the AVCs it is our policy to consider:

- the overall best interests of members and beneficiaries
- the profile of the membership and what this is likely to mean for the choices members might make upon reaching retirement
- the need for appropriate diversification between and, where appropriate, within the investment options offered to members

We also consider other factors that we believe to be financially material over time horizons relevant to the funding of the DB and AVC benefits, including environmental, social and governance (“ESG”) factors and the risks and opportunities relating to climate change.

Our key investment beliefs, which influence the setting of the investment arrangements, are as follows:

- asset allocation is the primary driver of long-term returns
- costs may have a significant impact on long-term performance and therefore obtaining value for money from the investments is important
- investment managers who can consistently spot and profitably exploit market opportunities are difficult to find, and therefore passive management, where available, can offer better value. However investment markets are not always efficient and there may be opportunities for good active managers to add value
- risk-taking is necessary to achieve return, but not all risks are rewarded. Equity, credit, and illiquidity are the primary rewarded risks. Risks that do not have an expected reward should generally be avoided, hedged, or diversified
- ESG factors should be considered when making investment decisions, and managers may be able to improve risk-adjusted

returns by doing this

- climate change is a financially material systemic issue that presents risks and opportunities for the Fund over the short, medium and long term
- aligning our assets with net zero greenhouse gas emissions by 2050 where practicable is expected to help reduce the risks to the Fund from climate change
- voting and engagement are important and can create long term value which is in the best interest of Fund members and therefore we encourage managers to improve their voting and engagement practices

5. Implementation of the investment arrangements

Before investing in any manner, we obtain and consider proper written advice from our investment adviser as to whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

We have signed agreements with the investment managers, and a platform provider setting out the terms on which the portfolios are to be managed.

Details of the investment managers are set out in the separate SIP addendum.

We have limited influence over managers’ investment practices because all the Fund’s assets are held in pooled funds, but we encourage our managers to improve their practices within the parameters of the fund they are managing.

Our view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines, and restrictions of their fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement, and portfolio turnover.

It is our responsibility to ensure that the managers’ investment approaches are consistent with our policies before any new appointment, and to monitor and to consider terminating any arrangements that appear to be investing contrary to those policies. We expect investment managers to make decisions based on assessments of the longer term performance of debt/equity issuers, and to engage

with issuers to improve their performance (or where this is not appropriate to explain why). We assess this when selecting and monitoring managers.

We evaluate investment manager performance over both shorter and longer term periods as available. The duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. If a manager is not meeting its performance objectives, we will consider alternative arrangements.

Our policy is to evaluate each of our investment managers by considering performance, the role it plays in helping to meet our overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

We recognise that portfolio turnover and associated transaction costs are a necessary part of investment management. Since the impact of these costs is reflected in performance figures used in our assessment of the investment managers, we do not explicitly monitor portfolio turnover. We expect our investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Fund's investment mandates.

6. Realisation of investments

We instruct disinvestments as required for benefit payments and other outgoings. Our preference is for investments that are readily realisable but recognise that achieving a well-diversified portfolio may mean holding some investments that are less liquid. In general, our policy is to use cash flows to rebalance the assets towards the strategic asset allocation, and also receive income from some of the portfolios where appropriate.

7. Financially material considerations and non-financial matters

We consider how ESG considerations (including but not limited to climate change) should be addressed in the selection, retention, and realisation of investments, given the time horizon of the Fund and its members.

We influence the Fund's approach to ESG and other financially material factors through our investment strategy and manager selection decisions. We expect all of our investment managers to take account of financially material factors (including climate change and other ESG factors) within the parameters of the mandates they are set. We seek to appoint managers that have the skills and processes to do this, and review how the managers are taking account of these issues in practice.

We encourage our managers to improve their ESG practices, although acknowledge that we have limited influence over managers' investment practices where assets are held in pooled funds and that the parameters of some pooled funds may limit the scope for significant incorporation of ESG factors.

Our ambition is to align our assets with net zero greenhouse gas emissions by 2050 through selecting managers, and investing in funds, with credible net zero targets.

Within each asset class, we considered investment options that give increased weight to ESG factors. We have chosen to invest the equity allocation in a passively managed fund that tracks an index with reduced exposure to climate-related risks and increased exposure to climate-related opportunities.

We do not consider matters that are purely non-financial in nature (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention, and realisation of investments.

8. Voting and engagement

We recognise our responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments and is in the best interests of our members.

We seek to appoint investment managers that have strong stewardship policies and processes, reflecting the principles of the UK Stewardship Code 2020 issued by the Financial Reporting Council.

As all of our investments are held through managers or pooled funds we do not monitor or engage directly with issuers or other holders of debt or equity.

We have therefore delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors. We expect the managers to undertake voting and engagement in line with their stewardship policies, considering the long-term financial interests of investors.

We monitor managers' activities in relation to ESG factors, voting and engagement on a regular basis. We seek to understand how they are implementing their

stewardship policies in practice to check that their stewardship is effective and aligned with our expectations.

We have selected some priority ESG themes to provide a focus for our monitoring of investment managers' voting and engagement activities. We review the themes regularly and update them if appropriate. We communicate these stewardship priorities to our managers and also confirm our more general expectations in relation to ESG factors, voting and engagement.

If our monitoring identifies areas of concern, we will engage with the relevant manager to encourage improvements.