Liberty Retail Pension Scheme (the "Scheme")

Statement of Investment Principles (the "Statement")

Scope of Statement

This Statement has been prepared in accordance with sections 35 and 36 of the Pensions Act 1995, as amended by sections 244 and 245 of the Pensions Act 2004, respectively, and the Occupational Pension Schemes (Investment) Regulations 2005.

The effective date of this Statement is May 2026. The Trustees will review this Statement and the Scheme'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.

Consultations made and parties involved

The Trustees have consulted with the Employer prior to writing this Statement and will take the Employer's comments into account when it believes it is appropriate to do so. The Trustees will also consult with the Employer on any revision to this statement.

The Trustees are responsible for the investment strategy of the Scheme. They have obtained and considered written advice on the investment strategy appropriate for the Scheme. They have obtained advice on the preparation of this Statement and this advice was provided by Aon Investments Limited ("AIL") which is authorised and regulated by the Financial Conduct Authority.

A copy of this Statement is available to the members of the Scheme and is available on the Liberty website.

Objective

The objective of the investment strategy is to ensure that the Scheme's assets and future contributions are invested in such a manner that the benefits due to members and their beneficiaries can be paid from the Scheme as they arise.

Investment policies

This Statement details the Trustees' policies on:

1. matters relating to the kinds of investments held by the Scheme;
2. stewardship and, in particular, voting and engagement activities; and
3. its arrangements with asset managers.

1. Matters relating to the kinds of investments held by the Scheme

1.1 Kinds of investments

The Trustees have decided to invest the Scheme's assets in Aon's Delegated Consulting Service ("DCS"). Management of the Scheme's assets has been delegated to AIL.

Under DCS, AIL manages the Scheme's assets in a range of funds which can include multi-asset, multi-manager and specialist third party liability matching funds. AIL conducts the necessary day to day management of the funds required to meet the Trustees' objectives and appoints asset managers to manage investments on behalf of the Trustees ("Underlying Managers").

1.2 The balance between different kinds of investment

Under DCS, the Scheme will have an allocation between different funds as detailed in the table below. The strategic allocation to each component is determined by the target level of return, and target hedging of interest rates and inflation.

Investment	Objective	Return Target
Managed Growth Strategy	To generate long term capital growth through investment in a diversified portfolio of return-seeking assets.	SONIA +4% p.a.
Nominal +1 Strategy	A mixture of diversified return-seeking assets and investments designed to match the Scheme's nominal liabilities.	Gilts(1) +1% p.a.
Real +1 Strategy	A mixture of diversified return-seeking assets and investments designed to match the Scheme's real liabilities.	Gilts(2) +1% p.a.
Low Risk Bonds Strategy	A mixture of low risk fixed income funds and designed to have low volatility while providing stable returns.	SONIA +1% p.a.
Active Diversifiers Strategy	A mixture of hedge fund strategies which aim to generate returns with little correlation to traditional investment classes.	SONIA +3% p.a.

(1) The benchmark used for gilts in the Nominal Strategy is 17 year zero-coupon fixed interest gilts.
(2) The benchmark used for gilts in the Real Strategy is 17 year zero-coupon index-linked gilts.

The Trustees review the investment strategy in conjunction with each formal actuarial valuation of the Scheme (or more frequently should the circumstances of the Scheme change in a material way). The Trustees take written advice from its professional advisers regarding an appropriate investment strategy for the Scheme.

The Scheme's investment strategy has been established as laid out below. The investment strategy has been determined taking into account the strength of the sponsoring employer covenant and the risk appetite of the Scheme through the Trustees and the sponsoring employer, which evolve over time. Further information around the risks considered by the Trustees is set out in section 1.4.

The Scheme's actual position relative to this asset allocation strategy is reviewed on an annual basis in order to determine whether any rebalancing is required. This monitoring is conducted relative to the control ranges set out in the table below by the Scheme's administrator, Aon. In addition, quarterly monitoring received by the Trustees enable them to identify whether or not corrective action needs to be taken on an exceptions basis.

Investment	Target Weight	Control Ranges
Active Diversifiers Strategy	25.0%	20.0% – 30.0%
Nominal +1 Strategy	45.0%	40.0% – 50.0%
Real +1 Strategy	20.0%	15.0% – 25.0%
Low Risk Bonds Strategy	10.0%	5.0% – 15.0%

1.3 Expected returns on assets

The target return of each individual investment is outlined in the table in section 1.2 above. Broadly speaking, the objective of the Low Risk Bond Strategy and the Active Diversifiers Strategy are to generate long term capital growth through investment in a diversified portfolio of assets. Similarly, the Nominal and Real Strategies seek to do this to varying degrees, whilst simultaneously matching movements in liabilities on an exposure basis.

1.4 Risks arising from the investments and risk management

The Trustees consider the overall level of risk of the investment strategy using a variety of metrics. These are calculated by AIL as part of each investment strategy review. The investment manager, AIL, also monitors a range of other risk metrics on the Trustees' behalf including the exposure to different types of risk assets and reports regularly to the Trustees.

The Trustees measure and manage the credit risk, market risk and liability mismatching risk of the Scheme's investments on a regular basis. In the case of market risk, the Trustees make distinction between risks that arise from currency exposure, interest rate and inflation exposure, and other pricing risks.

Measurement of each of the risks is detailed in ongoing reporting provided by AIL. The methods the Trustees employ for managing each risk is set out below.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other part by failing to discharge an obligation.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. AIL carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of a pooled manager.

Indirect credit risk arises in relation to exposure to underlying pooled investment vehicles. This risk is mitigated through the underlying exposures on aggregate basis being predominantly investment grade credit securities, and by funds holding a diverse portfolio of investments with exposure to a range of issues and issuers.

Cash is held within financial institutions which are at least investment grade credit rated.

b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles. AIL is authorised to enter into currency exchange transactions and/or use techniques and instruments to seek to protect against fluctuation in the relative value of the Scheme’s portfolio positions as a result of changes in currency exchange rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions.

c) Interest rate and inflation risk

Interest rate and inflation risk is the risk that the fair value or future cash flows of a financial asset, primarily bonds, interest rate swaps and pooled investment vehicles held mainly in bonds, will fluctuate because of changes in market interest rates and/or inflation.

The Scheme is subject to interest rate and inflation risk because some of the Scheme's investments are held in gilt derivatives, through pooled vehicles, and cash. These investments are held in order to mitigate the impact of interest rate and inflation changes on the Scheme’s liabilities and are therefore designed to change in value in a similar manner to a change in value of the Scheme’s pension liabilities. The Scheme also may have some exposure to bond pooled investment vehicles as part of its diversified return seeking growth portfolio and these are mitigated in a similar manner.

d) Liability mismatching risk

Liability mismatching risk is the risk that changes in the value placed on the Scheme's liabilities are not matched by appropriate changes in the value of the Scheme's assets.

The Scheme's investment strategy is determined through asset-liability modelling exercises. This enables measurement of the extent of liability mismatching risk through qualitative and quantitative assessment of the expected volatility of the liabilities relative to the Scheme's current and alternative investment strategies. On an ongoing basis, the risk is managed by assessing the progress of the actual growth of the liabilities relative to the selected investment strategy and where considered appropriate by the Trustees after receiving advice from AIL, the investment portfolio is revised to take account of the movement in the Scheme’s pension liabilities.

e) Other price risk

The Trustees define other price risk as the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from credit risk, currency risk, interest rate risk or liability mismatching risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Other price risk arises principally in relation to the Scheme's return seeking assets. These are held in pooled vehicles, investing in turn in a diversified range of pooled vehicles including, but not limited to, equities, fixed income, debt, property, infrastructure, hedge funds and other asset classes which are designed to mitigate other price risks.

1.5 Realisation of investments and liquidity

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

The majority[1] of the Scheme’s assets held are realisable at short notice within days (through the sale of units in pooled funds).

1.6 Environmental, Social, and Governance (“ESG”) considerations

The Trustees' primary concern when setting the investment strategy is to act in the best financial interests of the beneficiaries, seeking the return that is consistent with a prudent and appropriate level of risk. The Trustees believe that, in order to fulfil this commitment and to protect and enhance the value of the Scheme’s investments, they must act as responsible stewards of the Scheme’s investments.

[1] With the exception of Active Diversifiers which trades monthly.

The Trustees acknowledge that financially material considerations include environmental, social and corporate governance factors, including climate change. Understanding these factors can help identify investment opportunities and financially material risks.

The Trustees have 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 Trustees require 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 Trustees on its ESG activities.

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

- The Trustees undertake periodic training on Responsible Investment to understand how ESG factors, including climate change, may impact the Scheme's assets and liabilities.
- As part of ongoing monitoring, the Trustees use information provided by AIL of their assessment of the underlying investment managers against ESG factors.
- On an annual basis, the Trustees require AIL to provide their policy on Responsible Investment to the Trustees and to include details of how they integrate ESG into their investment decision making process.
- The results of the Trustees' ESG monitoring is included in the Trustees' Engagement Policy Implementation Statement. This is prepared each year from data received from the Trustees' Investment Managers and is made available to Members on the Liberty website.

1.7 Members' views and non-financial factors

The Scheme operates automatously from Members but with a focus of acting in Members' best interests. Accordingly, in setting and implementing the Scheme's investment strategy the Trustees do 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 matters"[2]).

2. Stewardship – voting and engagement

The Trustees recognise the importance of their 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.

[2] The Occupational Pension Schemes (Investment) Regulations 2005 (SI 2005/3378), Reg. 2.

The Trustees have decided to invest the Scheme's assets in Aon's DCS and management of the Scheme's assets has been delegated to AIL. As a consequence of this, the Trustees have delegated all voting and engagement activities to the Scheme's investment managers, via AIL. The Trustees accept responsibility for how the manager stewards assets on its behalf, including the casting of votes in line with each managers' individual voting policies. The Trustees review manager voting and engagement policies on an annual basis from AIL to ensure they are in line with the Trustee's expectations and in members' best interests.

As part of AIL's management of the Scheme's assets, the Trustees require AIL to:

- ensure that (where appropriate) Underlying Managers exercise the Trustee's voting rights in relation to the Scheme's assets; and
- report to the Trustees on stewardship activity by Underlying Managers.

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 (including 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 cast against management generally were significant; votes were abstained; voting differed from the voting policy of the Trustees.

Where voting is concerned, the Trustees expect the Underlying Managers to recall stock lending, as necessary, in order to carry out voting actions.

The Trustees engage with AIL, which in turn engages with Underlying Managers, investee companies 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. AIL issues an ESG report to the Trustees which is reviewed by the Trustees. The ESG Report is made available to Members on the Liberty website.

This engagement aims to ensure that robust active ownership behaviours, reflective of the Trustee's active ownership policies, are being actioned. This takes the form of annual reporting which is available to Scheme members on request.

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

3. Arrangements with asset managers

3.1 Alignment of interests and decision making

The Trustees have appointed AIL as its fiduciary manager and AIL is their asset manager.

The Trustees recognise that the arrangements with its fiduciary manager, and correspondingly the Underlying Managers, are important to ensure that interests are aligned. In particular, the Trustees seek to ensure that AIL is focused to operate in a manner that generates the best long-term results for the Scheme and its beneficiaries.

The Trustees receive quarterly reports and regular verbal updates from AIL on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustees focus on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme's objectives, and assesses AIL over 3-year periods.

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

The Trustees share the policies, as set out in this Statement, with AIL and requires that AIL reviews and confirms whether its approach is in alignment with the Trustees' policies.

The Trustees delegate the ongoing monitoring of Underlying Managers to AIL. AIL monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the Underlying Managers are aligned with the investment objectives of the Scheme. This includes monitoring the extent to which the Underlying 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.

The Trustees believe that having appropriate governing documentation, setting clear expectations to AIL, and regular monitoring of AIL's performance and investment strategy, maintains AIL's focus 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 AIL is considered to make decisions that are not in line with the Trustees' policies, expectations, or the other considerations set out above, the Trustees will typically engage with AIL to understand the circumstances and the materiality of the decisions made.

Before appointment of a new fiduciary manager, the Trustees will review the governing documentation associated with the appointment and will consider the extent to which it aligns with the Trustees' policies, as set out in this Statement. The Trustees will seek to amend that documentation or express its expectations (such as through side letters in writing, and discussions at Trustee meetings) so that there is sufficient alignment from the new fiduciary manager with the Trustees' policies before the new fiduciary manager is appointed.

The Trustees recognise that behavioural biases have the potential to affect investment decisions. The Trustees have considered and understand personal biases and recognise that doing so is expected to improve outcomes. The Trustees are also aware of the positive impact that diversity and inclusion can have on investment decisions.

The Trustees have chosen to invest the Scheme's assets in pooled funds, which improves the diversification of the Scheme's investments. The Trustees are also aware of different types of protection available for different types of investments, including general asset protections, the sponsor covenant and the existence of the Pension Protection Fund.

3.2 Evaluation of performance and remuneration

The Trustees assess the net of all costs performance of investments under the fiduciary management of AIL on a rolling three-year basis against the Scheme's specific liability benchmark and investment objective. Details of the remuneration paid to AIL and fees incurred by third parties appointed by AIL are provided annually by AIL to the Trustees. This cost information is provided alongside the performance of AIL to provide context. The Trustees monitor these costs and performance trends over time.

3.3 Cost monitoring

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

The Trustees receive 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 Managers appointed by AIL;
- the amount of portfolio turnover costs incurred by the Underlying Managers (the Trustees define portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the funds of the Underlying Managers);
- any charges incurred through the use of pooled funds (custody, administration, and audit fees); and
- the impact of costs on the investment return achieved by the Scheme.

The Trustees acknowledge 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 Managers.

The Trustees benefit 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 Underlying Managers; and
- the ability of AIL to monitor ongoing investment costs (including additional fund expenses and portfolio turnover) incurred by the Underlying Managers and to achieve efficiencies where possible.

3.4 Duration of arrangements

There is no set duration for the Trustees' arrangement with AIL, although the continued appointment is reviewed periodically. The Trustees focus on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme's objectives, and assesses AIL over 3-year periods.

Similarly, there are no set durations for arrangements with the Underlying Managers, although these are regularly reviewed as part of AIL's manager research and portfolio management processes.

4. Additional Voluntary Contributions

Some members obtain further benefits from the Scheme by paying Additional Voluntary Contributions (AVCs) to the Scheme. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions.

The Trustees have provided the following investment options for the AVC contributions of members which were available until the Scheme was closed to new members in May 2001.

i Aviva – With-Profits Fund, Balanced Fund, UK Equity Fund, UK Index Tracker Fund, Deposit Fund and Lifestyle Fund.

ii Utmost Life and Pensions – Automatic Investment Option (Investing by Age strategy).

iii The Prudential Life Assurance Society With-Profits Fund.

Signed on behalf of the Trustees of Liberty Retail Pension Scheme

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Name (print)	**Signature**	**Date**