Statement of Investment Principles
For the De La Rue Pension Scheme

1 Introduction

This is the Statement of Investment Principles made by De La Rue Pension Trustee Limited (the "Trustee") in its capacity as Trustee of the De La Rue Pension Scheme ("the Scheme"). This Statement has been written in accordance with the Pensions Act 1995 (as amended) and the Occupational Pension Schemes (Investment) Regulations 2005.

In preparing this Statement, the Trustee has consulted with the principal employer to the Scheme (De La Rue Limited) ("the Employer") and has taken and considered written advice from Hymans Robertson LLP ("the Advisors"). The Trustee believes the Advisors are qualified by their ability and practical experience of financial matters and have appropriate knowledge and experience of the investment arrangements that the Scheme requires. The Trustee believes that these Principles are consistent with those underlying the Myners Code of Conduct for Investment Decision Making.

The Trustee is supportive of the UK Stewardship Code (2020) which seeks to improve the quality of engagement between institutional investors and investee companies. Where appropriate, the Trustee expects investment managers to comply with the Code and to produce a statement of their commitment to the Code.

The Trustee will review this Statement, in consultation with the investment consultant and the Principal Employer, at least every three years; and without delay after any significant change in investment policy or the circumstances of the Scheme.

The Scheme's investment arrangements, based on the principles set out in this Statement, are detailed in the Investment Policy Implementation Document ("IPID").

This Statement of Investment Principles was completed in October 2026. It will be next reviewed no later than October 2029 and without delay after any significant change in investment policy.

1.1 Governance of the Scheme

The ultimate power and obligation for deciding on the strategic investment policy lies solely with the Trustee. The main areas of investment responsibility include:

- Determination of strategic allocation;
- Determination of portfolio structure;
- Selection and appointment of external investment managers; and
- Ongoing monitoring and evaluation of the investment arrangements.

To ensure effective management of investment issues, the Trustee has established an Investment and Funding Working Group ("IFWG"). The Terms of Reference for the IFWG have been set by the Trustee and may be changed by the Trustee from time to time. The IFWG monitors the Scheme's investment arrangements through regular reports and monthly meetings.

2 Primary objective

The primary objective of the Defined Benefit section of the Scheme is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis.

The Trustee's overriding funding principles for the Scheme are:

- to ensure that there are always sufficient assets of the Scheme (at their realisable value) to meet 100% of benefits as they fall due for payment to members; and
- to recover any shortfall in assets relative to the value placed on accrued liabilities over the longer term.

The Trustee's statutory funding objective is that the Scheme should have sufficient and appropriate assets to cover its technical provisions. Further details are provided in the Statement of Funding Principles. The value of liabilities is calculated on the basis agreed by the Trustee and the Scheme Actuary. The funding position is monitored regularly by the Trustee and formally reviewed at each triennial actuarial valuation or more frequently, as required by the Pensions Act 2004.

3 Investment objectives

The Trustee's investment objectives are to invest the assets of the Scheme prudently to ensure that the benefits accrued to members are provided and to target a Funding Level of 100% on the technical provisions valuation basis. The Trustee has translated these investment objectives into a suitable strategic asset allocation and associated benchmarks which are consistent with the Trustee's views on the appropriate balance between seeking a long-term return on investments and accepting greater short-term volatility and risk.

The investment strategy takes due account of the maturity profile of the Scheme (in terms of the relative proportions of liabilities in respect of pensioners and non-pensioners) together with the level of disclosed surplus or deficit (relative to the funding bases used) and the Trustee's view of the covenant of the Employer. The Trustee will consider if it can reduce investment risk over time if the funding level improves more than expected.

The Trustee monitors asset allocation and fund performance relative to the agreed benchmark. It is intended that investment strategy will be reviewed at least every three years following actuarial valuations of the Scheme. In reviewing strategy, the Trustee will seek written advice as required.

The Trustee is responsible for investing the Scheme's assets in the best interests of members and beneficiaries and it exercises its powers of investment in accordance with the trust deed and rules of the Scheme and applicable law.

The Trustee has delegated all day-to-day investment decisions to authorised investment managers and monitors the performance of Scheme investments relative to agreed criteria on a regular basis.

Full details of the current investment strategy, mandates, and implementation are set out in the IPID.

4 Investment strategy

The strategic asset allocation has been translated into benchmarked mandates for the individual managers which are consistent with the Scheme's overall strategy. The strategic asset allocation is consistent with the Trustee's views on the appropriate balance between seeking an enhanced long-term return on investments and accepting greater short-term volatility and risk.

Choosing investments

The Trustee has appointed investment managers ("the Managers") to manage the Scheme's assets. The Managers have been appointed under section 36 of the Pensions Act 1995 and are authorised under the Financial Services and Markets Act 2000 to undertake investment business in accordance with the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005. The Trustee, after seeking appropriate investment advice, has given the Managers specific guidelines including, but not limited to, asset allocation and geographic spread, on how investment mandates are to be managed.

Amongst other things, the Managers exercise their powers of investment delegated by the Trustee in a manner to ensure the security, quality, liquidity and profitability of the portfolio as a whole; assets are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme and delivered to specific benchmarks or performance targets; the assets of the Scheme consist predominantly of investments admitted to trading on regulated markets (and any investment outside regulated markets is kept to a prudent level); assets are properly diversified to avoid excessive risk concentration or reliance on a particular asset or issuer; and any investments via derivatives are used to contribute to a reduction of risk, facilitate efficient portfolio managements and are made so as to avoid excessive risk exposure to a single counterparty and to other derivative operations.

Where appropriate, and where commercial considerations permit, the terms of the mandate and the basis on which the manager is engaged will be defined specifically for the Scheme. Where such tailoring is not directly achievable, the Trustee will invest in pooled funds where the objectives of the fund and the policies of the investment manager will be evaluated by the Trustee to ensure that they are appropriate for the needs of the Scheme.

Remuneration for each mandate is determined at the inception of each mandate based on commercial considerations and typically set on an ad valorem basis. Where appropriate to the nature of the mandate, the term of the mandate and the role the mandate plays within the investment strategy, the Trustee may agree to a fee structure where the manager is incentivised to deliver outperformance relative to an agreed benchmark, typically in conjunction with a lower ad valorem fee. The Trustee periodically reviews the fees paid to all of its managers against industry standards. Therefore, remuneration is regularly revisited with all managers to ensure alignment of objectives.

The Trustee reviews the nature of Scheme investments on a regular basis, with particular reference to suitability and diversification in relation to the long-term nature of the liability profile. The Trustee seeks and considers written advice from a suitably qualified person when determining the appropriateness of each manager and mandate for the Scheme, particularly in relation to diversification, risk, expected return and liquidity. If, at any time, investment in a security or product not previously known to the Trustee is proposed, appropriate advice is sought and considered to ensure its suitability.

The duration of each mandate is determined by the Trustee at the inception of each mandate. For open-ended investments, the Trustee generally engages managers on an ongoing basis with no pre-

determined term of appointment. For such mandates, the Trustee expects the minimum duration of the appointment will be three years, this being the period over which performance of the mandate can be appropriately evaluated although all mandates are subject to ongoing review against various financial and non-financial metrics in addition to their continued appropriateness within the investment strategy. For close-ended investments, the Trustee expects the term of the appointment to be the lifetime of the investment.

The Trustee reviews the performance of each of its managers and mandates on a regular basis against a series of metrics, including financial performance against the benchmark or performance target and objectives of the mandate, the exercise of stewardship responsibilities (including engagement with issuers) as set out in greater detail below, and the management of risks. Material deviation from performance or risk targets is likely to result in the mandate being formally reviewed which could result in the manager being subject to fee negotiations and/or withdrawal of assets.

The Trustee monitors its managers performance against their respective benchmarks and alignment with the SIP on a periodic basis.

Kinds of investments to be held

The Scheme will invest primarily in quoted and unquoted securities of UK and overseas markets including fixed-interest and index-linked bonds, corporate bonds, cash, and other credit-based instruments, either directly or through pooled funds. Investment in other forms of assets with volatile capital values such as equities, property and private equity will be limited.

The Scheme may also invest in derivatives and insurance contracts in the form of a buy-in policy, for efficient portfolio management or to hedge specific risks. The Trustee considers all these classes of investment to be suitable in the circumstances of the Scheme.

Balance between different kinds of investments

The strategic asset allocation of the Scheme includes a mix of asset classes across a range of geographic regions to provide diversification of returns. The Scheme's investment managers will hold a mix of investments within their mandates which reflects their views relative to their respective benchmarks. Within each major market each manager will maintain a diversified portfolio through direct investment or pooled vehicles.

5 Risk

The Trustee recognises and monitors the risks involved in the investment of assets of the Scheme. These risks and how they are managed, are as follows.

Funding risks

Risk	Nature of risk	Management of risk
Funding and asset/liability mismatch	Funding level is adversely affected due to a mismatch between the assets and liabilities (Scheme assets fail to grow in line with the developing cost of meeting the liabilities).	The Trustee invests in asset classes which, in aggregate, are expected to produce the level of return required without placing undue reliance on any one source of return. In times of high inflation, the returns on real assets such as index-linked bonds should provide some protection against an increase in liabilities.

		The Trustee monitors how assets move relative to Scheme liabilities, how the Scheme's actual asset allocation varies relative to the strategic benchmark, and how each manager performs relative to their benchmark.
Changing demographics	Longevity improves, and other demographic factors change, increasing the cost of the Scheme benefits.	The Trustee keeps mortality and other demographic factors under review. These assumptions are considered formally at triennial valuations and the Trustee may enter into insurance contracts (bulk annuities or longevity swaps) to reduce these demographic risks.
Systemic risk	Possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting Scheme liabilities. Climate change is a systemic risk with the potential for economic, financial and demographic impacts.	The Trustee seeks to maintain a diversified portfolio and insurance contracts in the form of a buy-in policy, but it is not possible to make provision for all possible eventualities that may arise under this heading.

Asset risks

Risk	Nature of risk	Management of risk
Manager under-performance	Managers fail to achieve the rate of investment return assumed in setting their mandates.	Appropriate diversification across asset classes within sectors and between individual stocks to minimise the effect of one stock or sector performing badly. The use of passive management for asset classes where the downside risk of active management is considered too high. Regular monitoring of manager performance, processes, and capabilities, with respect to their mandate.
Concentration	A significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.	Investing in a well-diversified portfolio of assets.
Liquidity	The Scheme cannot meet its immediate liabilities because it has insufficient liquid assets.	The Trustee invests most of the assets in asset classes which are realisable with sufficient notice to meet Scheme cash flow requirements.
Currency	The currency of Scheme assets underperforms relative to the currency of the liabilities (sterling).	The Trustee will typically ensure their overseas exposure is hedged back to sterling.
Counterparty risk	A counterparty to a derivative arrangement defaults on its future obligation to the Scheme.	Where derivatives are used it is required that regular collateral or margin payments be made.

Covenant risk	The Employer ceasing to exist or having insufficient resources to meet the agreed recovery plan.	For reasons of prudence, the Trustee has considered this when setting the asset allocation strategy.
Environmental, Social and Governance (ESG)	The extent to which ESG issues are not reflected in asset prices and/or not considered in investment decision-making, leading to underperformance relative to expectations.	The Trustee has received training on ESG and will consider whether funds that manage ESG risks could be incorporated into the investment strategy. The Trustee's approach to ESG risk is set out in section 10 below.
Climate	Climate risk is viewed as a subset of ESG risks and is the extent to which climate change causes material deterioration in asset value due to factors including, but not limited to: policy change, physical impacts, and the expected transition to a low-carbon economy.	The Trustee recognises the risks posed by climate change and monitors developments in this area and its long-term financial impacts. The Trustee's approach to climate risk is set out in section 10 below.
Legislative and regulatory	Changes in government policy or taxation may have a long-term positive or negative impact on certain sectors of a country's economy or one country relative to its neighbours over the medium-to-long term. Regulatory changes can also affect operational costs, tax efficiency and security of one investment vehicle relative to other vehicles over the shorter term.	The Trustee receives regular updates on legislative and regulatory changes from the advisors to remain abreast of aspects relevant to its members.

The Trustee does not expect managers to take excess short-term risk and will periodically monitor the manager's performance against the benchmarks and objectives set.

Other: Provider risk

Risk	Nature of risk	Management of risk
Transitions	Incurring unexpected costs or exposure to adverse market movements when transitioning assets among managers or among asset classes.	The Trustee seeks to organise transitions in a structured fashion with the advice of the advisors or, if appropriate, by using a specialist transitions manager.
Credit default	Other counterparty to investments fails to meet its obligations.	The Trustee imposes restrictions on managers through the Investment Management Agreements or Fund Offering Documents.
Custody	Loss of Scheme assets when held in custody or when being traded.	The Trustee has delegated the management of this risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds).

6 Expected return on investments

The investment strategy aims to achieve a return on Scheme assets which, with contributions, is sufficient to match growth in the Scheme's liabilities over time. In the long-term the overall investment return is expected to exceed the rate of return assumed by the Actuary in funding the Scheme.

7 Realisation of investments

The majority of the Scheme's investments may be realised quickly if required.

8 Portfolio Turnover

The Trustee has expectations of the level of turnover within each mandate which is determined at the inception of the mandate, based on the Trustee's knowledge of the manager, investment process and the nature of the portfolio. Whilst the Trustee expects performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustee expects managers to report on at least an annual basis on the underlying assets held within the portfolio and details of any transactions over the period. The Trustee will challenge its managers if there is a sudden change in portfolio turnover or if the level of turnover seems excessive.

9 Additional Voluntary Contributions (AVCs)

The Trustee gives members the opportunity to invest in a range of vehicles at each member's discretion.

10 Responsible Investment

The Trustee recognises that having a formal Responsible Investment policy will better allow the Trustee to prioritise investment decisions.

Financially material considerations

The Trustee recognises that financially material considerations, including ESG factors and climate risk, are relevant to the development, selection and monitoring of the Scheme's investment options. The Trustee is targeting long-term sustainable investment returns over the expected investment horizon of the Scheme and encourages investment managers to implement views which extend over the duration of the liabilities.

Strategic considerations: The strategic benchmarks have been determined using appropriate long-term economic and financial assumptions from which expected risk/return profiles for different asset classes have been derived. These assumptions apply at a broad market level and are considered to implicitly reflect all financially material factors.

The Trustee recognises the significance of climate change as an emerging risk and ensures that appropriate governance arrangements are in place to aid in managing this risk in the future. The investment advisors also support the Trustee to understand and manage climate-related risks within the strategy. The Scheme's policies on climate risk in investments are set out in the Climate Change Policy document.

Structural considerations: Given the discretion delegated to the investment managers, the Trustee expects that the Managers will consider all financially material factors including the potential impact of ESG factors in the implementation of their mandates.

Investment manager selection: In active mandates, the Trustee has delegated responsibility for the consideration of stock-specific issues to the individual investment managers.

In selecting new investment managers, where relevant to the investment mandate the Trustee will explicitly consider the potential managers' approach to responsible investment and the extent to which managers integrate ESG issues in the investment process as a factor in their decision making.

Non-financially material considerations

The Trustee does not currently impose restrictions or exclusions on the investments based on non-financially material factors but may consider doing so in the future, while acknowledging the difficulty of such implementation. The Trustee recognises, however, that some members may have strong personal views or religious convictions that influence where they believe their savings should, or should not, be invested.

Stewardship

The Trustee recognises that stewardship encompasses the exercise of voting rights, engagement by and with investment managers, and the monitoring of compliance with agreed policies.

Voting and engagement

The Trustee's policy is to delegate responsibility for the voting decisions, where applicable, on stocks to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long-term shareholder value. The fund managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy.

The investment managers should engage with key stakeholders relating to their investments to consider the management of conflicts of interest and improve corporate behaviours, improve performance, and mitigate financial risks.

The Trustee will review engagement activity undertaken by their investment managers as part of its broader monitoring activity on a periodic basis.

Responsibility for investment decisions has been delegated to the investment managers which includes consideration of the capital structure of investments and the appropriateness of any investment made. Where managers are responsible for investing in new issuance, the Trustee expects the manager to engage with the issuer about the terms on which capital is issued and the potential impact on the rights of new and existing investors.

The Trustee separately considers any conflicts of interest arising in the management of the Scheme and its investments and has ensured that each manager has an appropriate conflicts of interest policy in place. Managers are expected to disclose any potential or actual conflict of interest in writing to the Trustee.

Monitoring

As part of broader monitoring activity, the Trustee will review engagement policies and actions, including voting, undertaken by the Scheme's investment managers.