Smurfit Executive Pension Fund (the "Fund")

Statement of Investment Policy Principles

Introduction

The purpose of this Statement of Investment Policy Principles (the "Statement") is to document the policies and guidelines that govern the management of the Fund's assets. It has been reviewed and adopted by the Trustee; it outlines the responsibilities, objectives, policies and risk management processes in place for the Fund.

Detailed guidelines for the Fund's investment managers are separately documented.

Investment Objectives

The overall investment objective of the Trustee is to carry out the investment terms as set out in the Fund's Trust Deed. When considering investment matters for the Fund, the Trustee is cognisant of its duty to act in the best interests of the beneficiaries which typically means their interests in receiving secure retirement benefits as set out in the Trust Deed and Rules. To achieve this, the Trustee seeks to implement an investment strategy which is appropriate to the liabilities of the Fund and the funding and risk tolerances of both the Trustee and the Sponsoring Employer (the "Company").

The Fund's current investment strategy results from the 2022 investment strategy review which was implemented in July 2022. Further, a de-risking framework is in place, under which the investment strategy evolves to a lower risk strategy under pre-agreed funding level triggers over the period to 2029.

Formulating Investment Policy

The Trustee has responsibility for setting and monitoring the investment strategy and arrangements of the Fund.

In setting their investment policy, the Trustee recognises that the Company's continued financial support for the Fund is of utmost importance in serving the best interests of members. Therefore, the principles outlined in this Statement are not shaped by the objectives of the Trustee in isolation, but also by an understanding of the objectives (financial or otherwise) of the Company.

The Trustee also recognises the need for expert advice in formulating investment policy and have therefore appointed an Investment Consultant (Mercer) to provide advice appropriate to the Fund.

Risk Measurement

A portfolio of high quality bonds of term and characteristics appropriate to the liabilities could be considered a reasonably low risk investment portfolio for any defined benefit pension plan. However, such a bond strategy would generally be expected to deliver low long-term investment returns and thus require higher contributions to fund the benefits of the Fund over its lifetime. Taking into consideration affordability of the Fund for the Company, the Trustee recognises that the Fund therefore needs to hold asset classes with higher expected returns (e.g. growth assets such as equities, higher-yielding fixed income, and other growth asset classes) in order to try to reduce funding costs over the longer term. Growth assets will typically involve higher risk and volatility, particularly over the short term and the Trustee therefore conducts regular investment risk assessments to gain comfort on the level of investment risk in the Fund's portfolio of assets.

The key risk in the context of investment is that the Fund's funding level may deteriorate as a result of the investment strategy being pursued, which would in turn increase the costs of funding and may threaten the future sustainability of the Fund. The Trustee has therefore considered the following as part of their investment risk analysis:

- Value at Risk
- Duration of the liabilities
- Hedge ratios
- Other statistical analysis, including stochastic projections
- Qualitative risk assessment

Some of the risk assessments above are carried out periodically and typically in line with the completion of a triennial actuarial funding valuation for the Fund. Some of the other risk assessments may be reviewed more frequently as and when relevant e.g. as part of the annual review of the de-risking framework. The assumptions underlying the risk assessments above are typically based on a suitable set of assumptions based on the effective date of the analysis being carried out. Actual experience will differ from the assumptions (perhaps significantly) and consequently, the Trustee will regularly review the investment strategy.

Current Investment Policy

In 2018, the Trustee, with the support of the Investment Sub-Committee and the Company, agreed a pre-planned, de-risking strategy linked to the funding-level of the Fund. Under this de-risking strategy, Mercer monitors the assets and liabilities on a daily basis and, if pre-agreed funding level improvements are observed, automatically moves pre-agreed portions from growth assets to liability hedging assets.

The overall investment strategy, including the de-risking framework, was reviewed and revised in mid-2022.

The agreed funding level triggers following the 2022 review are set out below. They have been approved by the Trustee and will be reviewed annually as part of an investment strategy recalibration exercise.

The initial objective is to reduce the allocation to growth assets to 20%, with the aim of achieving this by 2029. The funding level is measured on an agreed de-risking basis of swaps +0.25% margin. As of 31 August 2022, the Fund sits in band 10 below, equating to a 27% target weighting in growth assets.

<u>Funding Level Trigger Framework</u>

Funding Level Band	Bottom of Funding Level Band (Funding Level %)	Trigger to move into next Funding Level Band (Funding Level %)	Target Growth Allocation (% of total assets)	Tolerance Bands (% divergence from target allocation)
5*	0.0%	90.5%	50%	+/- 2.0%
6	90.5%	92.4%	47%	+/- 2.0%
7	92.4%	94.3%	43%	+/- 2.0%
8	94.3%	96.2%	39%	+/- 2.0%

9	96.2%	98.1%	34%	+/- 2.0%
10*	98.1%	100.0%	27%	+/- 2.0%
11	100.0%	100.0%	20%	+/- 2.0%

*As of August 2022, the Fund sits in band 10.

The de-risking triggers will be regularly reviewed to ensure alignment with the development of the liabilities of the Fund; de-risking to a lower risk target can be considered as part of these reviews. The target will take account of the allocation of the liabilities and a desire to maintain a sustainable funding agreement with the Sponsor.

Growth and Liability-Hedging Portfolios

The Trustee has agreed a strategic mix of asset classes within the Liability Hedging portfolio. This mix is reviewed on an ongoing basis and will evolve as the liabilities develop.

The Growth portfolio allocation will comprise a combination of equity, growth fixed income, alternatives and any other asset classes, and in such proportions, as determined by Mercer at its discretion. The Growth portfolio allocations (as adjusted from time to time in accordance with Mercer's 'best ideas' strategic investment views). Mercer also has discretion to apply short-term dynamic tilts to the asset allocation within the growth portfolio, to exploit market opportunities and manage risks.

Mercer has been appointed via a delegated or fiduciary investment solution, to formally select, blend and monitor active and passive investment managers within each of the individual asset classes according to their best ideas.

The following tables outline the target asset class allocations within the Liability Hedging portfolio, and the asset classes that comprise the Growth portfolio strategic asset allocation (as at the date of preparation of this Statement). The benchmark indices against which Mercer measure the performance of the appointed managers on the Trustee's behalf are also outlined.

Growth Portfolio

Asset Class	**Benchmark Index**
Fundamental Indexation Global Equity CCF (Euro Hedged and Unhedged)	MSCI Customised Index
Sustainable Global Equity	MSCI World Index
Global Small Cap Equity	MSCI World Small Cap (NDR) Index
Emerging Markets Equity	MSCI Emerging Markets Index

Asset Class	Benchmark Index
Low Volatility Equity (Euro Hedged and Unhedged)	MSCI World Index
Global Listed Infrastructure (Euro Hedged and Unhedged)	FTSE Global Core Infrastructure 50/50 Index
Diversifying Alternatives Strategies (Hedged)	* HFRI FOF: Market Defensive Index
Absolute Return Fixed Income (Euro Hedged)	Citi EUR 1 Month Euro Deposit
Multi-Asset Credit	FTSE EUR 1 Month Euro Deposit
Dynamic Asset Allocation – Opportunistic Growth (Frontier Market debt, Convertible Bonds, Asian High Yield)	Composite Benchmark
Emerging Markets Debt	J.P.Morgan GBI EM Global Diversified Composite Index
Emerging Markets Debt – Hard Currency	J.P.Morgan EMBI Global Diversified ex CCC Index
Eurozone Equity	MSCI EMU Index
China Equity Fund	60% MSCI China 40% MSCI China A Onshore
Fundamental Indexation Global Equity CCF (Euro Hedged and unhedged)	MSCI Custom Index
Global High Yield Bond Fund	ICE BoFAML BB-B Rated Developed Markets High Yield Constrained
Global Small Cap Equity Fund (Euro Hedged and Unhedged)	MSCI World Small Cap Equity
Sustainable Global Equity Fund (Euro Hedged and Unhedged)	MSCI World Index
UCITS Alternative Strategies	FTSE EUR 1 month Deposit

Asset Class	Benchmark Index
UK Equity	FTSE All-Share Net Total Return Index
Private Markets: Senior Private Debt, Private Debt, Private Equity, Infrastructure, Sustainable Opportunities and Credit Opportunities	Composite Benchmark
Forestry & Property	Composite Benchmark

*The short-term performance gauge for Mercer Diversifying Alternatives Strategies is HFRI FOF: Market Defensive Index. The longer-term target is to outperform cash by 3%-5% p.a. over a market cycle with specified correlation and volatility targets.

The Trustee also intends to build up a long-term allocation to Private Market investments through commitments made to Senior Private Debt, Private Debt, Sustainable Opportunities, Infrastructure, Private Equity and Credit Opportunities. Mercer has been appointed to structure and implement these investments, as with the Fund's other allocations. As the first step in this long-term programme, the Trustee committed amounts equivalent to c.20% of the Growth portfolio (split equally across senior private debt, private debt, sustainable opportunities, infrastructure and private equity) in 2019. An additional commitment, to Credit Opportunities was made in February 2021. As capital calls are made, assets are drawn from the rest of the growth portfolio to meet these commitments.

Liability Hedging Portfolio Weights

The effective date of the below matching portfolio is as at August 2022. The matching allocations can be expected to change as de-risking triggers are met.

Asset Class	Target Weight %*	Benchmark** Index
Euro Long Real LDI	17.1%	Composite benchmark with leveraged duration of c45yrs
Euro Medium Nominal LDI	13.7%	Composite benchmark with leveraged duration of c40yrs
Mercer Euro Inflation Linked Bond Fund	20.9%	ML EMU Government HICP >5 yrs GDP Weighted
Mercer Passive Euro Corporate Bond Fund	10.0%	Bloomberg Euro Aggregate Corporates
MGI Euro Cash Fund	12.3%	FTSE EUR 1 Month Euro Deposit
Euro Over 5 Year Bonds	11.0%	Linked Barclays 5yr+ GDP weighted/ ICE BofAML 5yr+ GDP weighted Index

Asset Class	Target Weight %*	Benchmark** Index
Mercer Euro Tailored Credit Fund	15.0%	Composite benchmark with overall duration of 10-12yrs
Total Liability Portfolio	**100%**	

*Asset classes noted with a target weight of 0% are available to the Fund under the Investment Management Agreement. They may be included in the strategy in future, depending on the evolution of the de-risking journey.

**Composite benchmarks derived in line with asset class specific objectives in terms of duration and country exposures

The base currency of the Fund (and hence of the benchmark) is the Euro. The Trustee has factored the Euro nature of the liabilities when constructing the benchmark strategy.

Analysis of current Strategy

As at the effective date of this Statement, the most recent analysis carried out on the Fund's investment strategy was performed as at August 2022 using Mercer's Euro investment modelling assumptions as at 31 March 2022. The output from this analysis showed the following:

- The expected return was assessed as 1.9% p.a. net of fees
- The expected volatility was measured as 6.6% p.a.
- The Value at Risk (VaR) measure was assessed as €4.4m, using a 5% probability and a 1 year time horizon. This is based on a funding level of 98.4% as at August 2022, measured by reference to the Fund's target de-risking basis; a market basis which values liabilities by reference to a curve comprising of core Eurozone swap yields + a margin of 0.25%
- The duration of the liability hedging portfolio was estimated to be c18 years, and the estimated duration of the liabilities of the Fund on the target de-risking basis described above was c13 years.

Market movements will cause the Fund's portfolio to differ from the strategic mix agreed by the Trustee. An automatic rebalancing policy, implemented by Mercer on the Trustee's behalf, is in place to limit these movements within pre-defined tolerance ranges.

Risk Management

The Trustee will measure and monitor risk in their portfolio on a regular basis. Investments are regularly considered as part of Trustee meetings, which are also attended by the Fund's investment consultant. The Trustee receives and reviews quarterly reports from their Investment Consultants.

Under Mercer's Dynamic De-Risking Solution, the continued suitability of the investment strategy in place is assessed each year as part of an investment strategy recalibration exercise. This includes consideration of the progress of the de-risking strategy towards its target. In addition, the Trustee formally reviews the Fund's investment strategy in conjunction with formal actuarial funding valuations of the Fund and will do so following any significant change to the Fund.

The Trustee will ensure that the investment of the Fund's assets adheres to the requirements of the Occupational Pension Schemes (Investment) Regulations 2006.

ESG, Stewardship, and Climate Change
The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Fund invests in explicitly in sustainability themed investments via the delegated framework, including sustainable equity, sustainable opportunities and infrastructure in its investment strategy.

The Trustee has delegated day to day management of the assets to Mercer Global Investments Europe (MGIE), who in turn delegates responsibility for the investment of the assets to a range of underlying investment managers. MGIE monitors how the investment managers evaluate ESG factors, including climate change considerations, as well as how they exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

MGIE provides reporting on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon footprint for equities.

The Trustee has not set any investment restrictions on MGIE or the underlying investment managers in relation to particular products or activities from an ESG perspective.

<u>Sustainable Finance Disclosure Regulations</u>

The Trustee acknowledges that under Article 4 of the Disclosure Regulations there is a requirement to publish and maintain on a website whether principal adverse impacts of investment decisions on sustainability factors are considered. The Trustee is awaiting the clarity of the Level II regulations prior to making such a statement.

This policy may be made publicly available in the future but is currently included within the SIPP of the Fund, as this is available to members each year through the Trustee Annual Report.

<u>Shareholders’ Rights Regulations 2020</u>

With respect to the European Union Shareholders’ Rights Regulation 2020 (“SRDII”), the Trustee does not have a standalone engagement policy as the Fund invests in pooled funds and therefore has no direct engagement with the underlying entities held.

The Trustee has engaged with Mercer Global Investments Europe Limited (MGIE) and they have provided a copy of their Engagement Policy and confirmed that MGIE complies with the Irish legislation transposing SRDII, which came into operation on 30 March 2020.

An annual report is published by MGIE outlining how the Engagement Policy was implemented, include a general description of voting behaviour, a summary of significant votes taken and information on the use of the services of proxy advisors.

In terms of how the Trustee's arrangement with MGIE incentivises the asset manager to align its investment strategy and decisions with the profile and duration of the Fund's liabilities, as noted above, the Trustee with the support of the Sponsor has agreed a long term de-risking strategy linked to the funding level of the Fund which is monitored and implemented by MGIE. The overall investment strategy, including the de-risking framework, is reviewed annually by the Trustee. Under this de-risking strategy MGIE monitors the assets and liabilities on a daily basis and, if pre-agreed funding level improvements are observed, automatically moves pre-agreed portions from growth assets to liability hedging assets. The funding level triggers involved are reviewed annually by the Trustee. The Trustee's arrangements with MGIE enable the Trustee to implement its chosen investment strategy, and provides the necessary operational infrastructure to do so.

In terms of how MGIE makes assessments about the performance of investee companies and engages with those investee companies, details of this are set out in MGIE's Engagement Policy as referred to above.

In terms of how the method and time horizon of the evaluation of MGIE's performance and its remuneration are aligned with the profile and duration of the Fund liabilities, and take absolute long term performance into account, the Trustee understands that the Fund's liabilities are long term and therefore sets investment strategy with a long-term horizon in mind. Performance is assessed on a quarterly basis with a review of the overall investment strategy, including the de-risking framework, undertaken on an annual basis. The quarterly reports assess individual fund performance versus benchmark, assess aggregate performance versus the strategic benchmark and provide Mercer research views both from the traditional investment and responsible investment perspectives. Further, the Trustee recognizes that even though the Fund's investments are subject to short-term volatility, it is critical that a long-term investment focus be maintained. The Trustee intends to avoid ad-hoc revisions to its philosophy and policies in reaction to either speculation or short-term market fluctuations and thus has agreed a rebalancing policy under which the asset allocation will be restored to the strategic allocation. This is documented in the Investment Management Agreement ('IMA') with MGIE.

Asset manager remuneration is calculated as a percentage of assets under management. Under the delegated arrangement, MGIE leverages its scale to ensure the underlying manager fees are highly competitive. The aggregate fee paid to MGIE for its provision of services under the delegated arrangement was reviewed by the Trustee and the Sponsor with the assistance of an external advisor prior to the appointment. There are performance related components in the private markets asset classes but those are contingent on relative outperformance and are structured to ensure a long-term outlook, appropriate to the nature of the asset classes themselves.

In terms of how the Trustee monitors portfolio turnover costs incurred by the asset manager and how it defines and monitors a target portfolio turnover or turnover range, MGIE provides a statement of costs in the MiFID II Costs & Charges statement which is issued to its clients annually, which includes information on turnover costs

Finally, the IMA with MGIE has an indefinite duration but is subject to regular performance reviews.

AVC Section

The investment objectives of the Trustees are:

- To provide a range of efficiently-managed investment fund options that meet the broad needs of the members of the Scheme;
- To provide appropriate information on these fund options such that members are assisted in understanding and making their choice of fund.

Notwithstanding the above, the Trustees' objective is to ensure that members understand that the Trustees do not accept responsibility for the success or otherwise of the options made available to them. Members are informed that they have a responsibility to read and understand the documentation available to them so that the choices made by them adequately reflect their own investment objectives and their own attitude to risk.

Risk Measurement Methods

Given the defined contribution nature of the Scheme, the key investment risks of a DC scheme are categorised as investment risks and member decision-making risks. Details of both are provided below (although this is not an exhaustive list of all risks):

Investment Risks

- That longer term investment returns do not keep up with inflation (inflation risk);
- That the value of a member's account moves significantly out of line with movements in annuity prices so that the member cannot afford to buy the same level of retirement income as previously (annuity risk);
- That members' accounts can drop sharply in value because of investment market volatility (volatility risk).

Member Decision-making Risks

- That the member is overwhelmed by the number or complexity of investment choices (complexity risk);
- That the member does not get enough clear information to make a good choice (inadequate information risk).
- The table in section 5 classifies which funds aim to address the main investment risks for members according to inflation risk, annuity risk and volatility risk.
- The Trustees can receive reporting from their investment managers.

Risk Management Processes

Within the fund choices that are available to each member:

- The risks outlined in the previous section can (if the member so chooses) be kept to a level that is appropriate for that individual member;
- Investments are, for the most part, limited to equities and bonds that are predominantly traded on recognised/regulated markets;

- Investment in derivative instruments is made only in so far as it either contributes to a reduction of investment risks or facilitates efficient portfolio management. Any such derivative investment must avoid excessive risk exposure to a single counterparty and to other derivative operations; and
- The funds are properly diversified in such a way as to avoid accumulations of risk. Investments in assets issued by the same issuer or by issuers belonging to the same group should not expose the member to excessive risk concentration.

All investment managers are appointed by the Trustees and the appointment, including the terms on which the appointment may be terminated, is governed by a specific written agreement.

Strategic Asset Allocation

To manage the risks set out earlier in this Statement, the Trustees currently offer the following broad categories of fund options to members:

- Mixed Assets
- Cash
- Bonds
- Equities
- Alternatives
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A description of the investment manager arrangements adopted and of the selected funds is provided below.

Fund Name	Investment Objective
Irish Life Empower Stability Fund	Long term expected return is cash deposit rates +2%
Irish Life Empower Cash Fund	To achieve a reasonable rate of interest with a high degree of security
Irish Life Cash Fund	To achieve a reasonable rate of interest with a high degree of security
Irish Life Empower Growth Fund	Long term expected return is cash deposit rates +4% p.a. gross of fees managed within a risk range.
Irish Life Active Managed Fund	Cash + 4% over 5 year periods
Irish Life Consensus Fund	To perform in line with the average managed fund
Irish Life Indexed European Equity Fund	To perform in line with the benchmark index
Irish Life Capital Protection Fund	To provide low to mid-range returns on a smoothed basis
Irish Life Secured Performance Fund	Achieve average market returns over the long term

ESG, Stewardship, and Climate Change

The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

By using pooled investment vehicles for its equity investments, the Trustees accept that the day-to-day application of voting rights will be carried out by the managers in accordance with their own corporate governance policy and current best practice.

The Trustees have given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations and not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future.

Shareholders' Rights Regulations 2020

With respect to the European Union (Shareholders' Rights) Regulations 2020, the Trustees have not developed a standalone engagement policy. The Scheme invests in units in various pooled funds that may from time to time invest in equities of companies which are listed on EU regulated markets. However, in each case the Scheme is one investor among others, so has no direct voting rights or other means of engagement with any companies in which the pooled fund may have invested.

The Trustees have engaged with the Scheme's equity fund manager - who have provided a copy of their Engagement Policy and confirmed that they are in compliance with the Regulations.

The investment horizon of the Scheme's equity investments is medium to long term in nature, and the Trustee expects the managers to use their engagement activity to drive improved performance over those periods.

Sustainable Finance Disclosure Regulation (SFDR)

The Trustees acknowledge that under Article 4 of the SFDR there is a requirement to publish and maintain on a website whether principal adverse impacts of investment decisions on sustainability factors are considered. The Trustees are awaiting the clarity of the Level II regulations prior to making such a statement.

Communication

Information is provided to members through booklets and fund factsheets available from the AVC administrators and investment managers. Regular opportunities to switch between fund options are also offered.

Effective Date of this Statement: August 2022