

Ricoh UK Products Pension Plan

Statement of Investment Principles

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1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustees of the Ricoh UK Products Pension Plan ("the Plan"). This statement sets down the principles which govern the decisions about investments.
- 1.2. In preparing this statement the Trustees have consulted Ricoh UK Products Limited, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultant. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.
- 1.3. The Trustees will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.4. The Trustees completed a bulk annuity insurance transaction with Canada Life (the "Insurer") in the contract dated 24 January 2024 to secure the benefits under the Plan.

2. Choosing investments

- 2.1. The Trustees' policy is to set the overall investment target and then monitor the performance of the Plan against that target. In doing so, the Trustees consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.
- 2.2. Effective from 29 January 2024 the Trustees entered into a bulk annuity insurance contract with the Insurer, which is expected to match all defined benefits due to members of the Plan.
- 2.3. The Insurer is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
- 2.4. The Trustee holds no other investments beyond cash in the Scheme's bank account, a small holding in a cash fund and a legacy holding in the CBRE property fund. The day-to-day management of the assets held in the cash fund is delegated to Schroders. The investment manager is authorised and regulated by the Financial Conduct Authority, and is responsible for the selection of investments.
- 2.5. The Trustees continue to review the appropriateness of the Plan's investment strategy on an ongoing basis but would consider it unlikely that any material future changes will be made prior to the Canada Life insurance policy potentially being assigned to individual members and the Plan then being wound up.
- 2.6. The Trustees will consult the Employer before amending the investment strategy.

3. Investment objectives

- 3.1. The Trustees have discussed key investment objectives in light of an analysis of the Plan's liability profile as well as the constraints the Trustees face in achieving these objectives. As a result, the Trustees' main investment objectives are:
 - to hold assets that provide a high likelihood that members' entitlements under the Trust Deed and Rules will be met in full as they fall due;
 - to invest in assets of appropriate liquidity to meet potential remaining liabilities that are not covered by the bulk annuity policy; and
 - to reduce the risk of the assets failing to meet the liabilities over the long term.

3.2. The Trustees are aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Plan's liabilities. The Trustees have secured a bulk annuity policy with Canada Life which covers the benefits due to all members. In addition to the bulk annuity policy the Trustees have obtained exposure to investments that they expect will also help to meet the Plan's objectives as best as possible, by providing a readily available source of capital in order to meet Plan expenses over the period until a buy-out can be completed, or to be dealt with as surplus assets when the Plan eventually winds up.

4. Kinds of investments to be held

- 4.1. The Plan is permitted to invest in a wide range of assets including equities, bonds, cash, property alternatives and annuity policies. The Plan's current investment strategy involves holding the majority of the Plan's assets in a bulk annuity insurance contract, with a smaller cash holding to meet ongoing cashflow requirements and a legacy property fund which is in the process of winding up.
- 4.2. Given the Plan's investment strategy, it is not expected that the Plan will hold any employer-related investments. However, this is typically checked annually by the Plan's auditors.

5. The balance between different kinds of investments

- 5.1. The Plan invests in assets that are expected to achieve the Plan's objectives.
- 5.2. The Plan holds a bulk annuity policy expected to produce cashflows that exactly match the benefit entitlements of each of the Plan's members. The remainder of the Plan's assets are held in the Trustee bank account, a cash fund with Schroders and the CBRE Property Fund.

6. Risks

- 6.1. The various types of investment risk which may affect the Plan's liabilities are covered under the bulk annuity purchase with the Insurer. Therefore, the vast majority of the risks set out below are covered by the insurance policy, and are therefore judged to have minimal impact on the Plan's ability to meet the liabilities of the Plan as they fall due. However, the Trustees have considered the following risks for the Plan with regard to its investment policy and the Plan's liabilities:

Risk versus the liabilities	The Trustees note that by securing the Plan's benefits with an insurer, the risk of benefits not being met is now very low.
Covenant risk	The Plan is less reliant on the strength of the Employer's covenant as the Plan's benefits have wholly been secured with an insurer. When converting the buy-in policy into a buy-out policy with the Insurer, the Plan will be reliant on the Employer to make good any shortfall in excess of the small amount of assets held outside of the insurance contract.
Insurer counter party risk	The risk of the insurer defaulting has been managed through the selection of a reputable UK regulated insurer and potentially supported by the insurance compensation regime in place should an insurer fail.
Investment manager risk	The Trustees monitor the performance of the residual assets (i.e. those held in cash and the CBRE Property Fund outside the bulk annuity policy) as necessary. The Trustees have a written agreement with the investment manager, which contains a number of restrictions on how each investment manager may operate.

Governance risk	Each investment manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustees monitor these and will report on the practices in their annual Implementation Statement where possible.
ESG/Climate risk	The Trustees have considered long-term financial risks to the Plan and ESG factors (as well as climate risk). While the Trustees consider these factors to be potentially financially material, management of these risks over the lifetime of the contract is primarily an issue for the Insurer to manage.
Concentration risk	The investment managers and the Insurer are expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Liquidity risk	The Plan invests in assets, including cash, such that there is a sufficient allocation to liquid investments to meet the Plan's remaining cashflow requirements that are not covered by the bulk annuity insurance contract. The Plan's administrators monitor the level of cash available in the Plan's bank account.
Currency risk	The Plan's liabilities and the income produced by the bulk annuity contract are both denominated in sterling.
Loss of investment	In the event of the Insurer becoming insolvent, the Plan could suffer losses on the contract, but would still retain the liability to pay members' benefits. This risk is mitigated by the regulatory regime and capital requirements in place for UK insurers. The risk of loss of investment by the investment managers is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

7. Expected return on investments

- 7.1. The Trustees have chosen to invest the vast majority of assets in a bulk annuity policy to match the Plan's projected benefit payments with income from the policy. The remaining assets are held bearing in mind the nature of the potential additional liabilities that may fall due on the Plan that are not covered by the policy, and ongoing expenses.
- 7.2. The Trustees have not set an expected return on the bulk annuity policy, given that its primary purpose is as an insurance contract rather than a return-seeking investment.

8. Realisation of investments

- 8.1. The annuity policy with the Insurer is not readily realisable and the Trustees do not expect to need to surrender or realise the contract given its nature and purpose. The income from the bulk annuity policy will be used to pay benefits covered by the policy.
- 8.2. The remaining assets of the Plan are held in a cash fund that can be realised at short notice and a property fund which is a legacy holding undergoing wind down.

9. Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities, and policy on arrangements with investment managers

- 9.1. Since the majority of the Plan's assets are held in an insurance policy, these matters are primarily an issue for the Insurer to manage. This is reflected in the Trustees' own policies, as summarised in Appendix 2.

10. Agreement

- 10.1. This statement was agreed by the Trustees, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the investment manager, the actuary and the Plan auditor upon request.

Signed:.....

Date:.....

On behalf of the Ricoh UK Products Pension Plan

Appendix 1 Note on investment policy of the Scheme as at February 2024 in relation to the current Statement of Investment Principles

1. Choosing investments

The Trustees have appointed the following investment manager/ insurer to carry out the day-to-day investment of the Plan:

- Schroders Investment Management;
- CBRE Global Investors (UK); and
- Annuity policy with Canada Life

The Trustees have an AVC contract with Utmost for the receipt of members' Additional Voluntary Contributions. The arrangement is reviewed from time to time.

The investment managers and AVC providers are authorised and regulated by the Financial Conduct Authority.

The Trustees have appointed Barnett Waddingham LLP to advise on investment matters.

2. The balance between different kinds of investments

Most of the Plan's assets are held in a bulk annuity policy. The remaining assets are held in the Plan's bank account, a cash fund with Schroders and in the CBRE Property Fund. The investment with Schroders is a cash fund that can be realised quickly, bearing in mind the nature of any potential additional liabilities that may fall due on the Plan that are not covered by the policy or ongoing expenses.

3. Investments and disinvestments

The Plan's cashflow requirements are expected to be met by the Plan's remaining cash holdings and the annuity policy.

Appendix 2 Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities, and policy on arrangements with investment managers

1. Financially Material Considerations

The Trustees do not believe that environmental, social and governance factors are financially material over the length of time until the Plan's life ends. The Trustees have completed a purchase of a bulk annuity policy intended to match the majority of the Plan's liabilities, therefore the Trustees are not directly exposed to these risks and the assets that the Plan holds outside the bulk annuity policy have little scope for ESG factors to be incorporated. The remaining assets are held bearing in mind the nature of the potential additional liabilities that may fall due on the Plan and are not covered by the policy. The management of ESG and climate change by insurers was considered as part of the decision to purchase the buy-in policy.

The Trustees have an expectation that the Insurer will consider ESG-related issues in selecting securities and other investments, or will otherwise engage with the issuers of their underlying holdings on such matters in a way that is appropriate for the nature of the assets under consideration.

2. Approach to monitoring ESG policy

The Plan's assets are held as a bulk annuity policy, a cash fund and a property fund that is winding down. Given the nature of the current holdings in the Plan, the Trustees will review and monitor the ESG policy as they deem appropriate, considering the risks that present themselves.

3. Policy on the exercise of voting rights and engagement activities

The Trustees note that by securing the Plan's benefits with an insurer, they have limited ability to influence the voting and engagement activities undertaken on behalf of the Insurer. Responsibility for engagement with the issuers of investments underlying the bulk annuity policy, including voting policy (where applicable), is the responsibility of the Insurer.

The Plan retains cash and liquidity holdings but the Trustees note, due to a number of controls at both the asset manager and counterparties, the impact of engagement on the risk/return of the cash holdings is limited. In addition, the CBRE Osiris Property Fund does not report on engagements as the Fund is in the advanced stages of wind down. The Trustees have therefore not set stewardship priorities.

4. Conflicts of interest

The Plan's investment adviser is independent and no arm of their business provides asset management services. This, and their FCA-regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflicts of interest.

The Trustees expect all investment managers and insurers to have conflicts of interest policies in relation to their engagement and ongoing operations. The Trustees therefore believe it has managed the potential for conflicts of interest in the appointment of the investment managers, insurers, and investment adviser,

and conflicts of interest between the Trustees, investment adviser, the investment managers, the insurers, and any underlying investee companies.

5. Non-financially material considerations

When constructing the investment strategy and selecting investment managers, the Trustees do not take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Plan (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments.

Given the bulk annuity purchase, the Trustees have limited ability to address non-financial matters.

6. Policy on arrangements with investment managers

Incentivising alignment with the Trustees' investment policies

Arrangements for incentivising the investment managers of the assets underlying the bulk annuity policy are an issue for the Insurer.

Regarding assets outside the bulk annuity policy, the property fund is in wind-down and given the nature of the cash fund with Schroders, incentivisation is likely to have limited impact.

Method and time horizon for assessing performance

The Trustees do not undertake regular formal monitoring of the investment managers due to the limited benefit of this activity given the bulk annuity policy held with the insurer for the majority of liabilities. However, the Trustees would undertake such monitoring if it was deemed necessary.

The Plan invests in a pooled cash fund with Schroders, a legacy property fund with CBRE and a bulk annuity policy. The investment manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the fund grows, due to successful investment by the investment manager, they receive more and as the value falls they receive less.

The Trustees ask the Plan's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered as frequently as the Trustees consider appropriate in light of the prevailing circumstances.

Portfolio turnover costs and duration of arrangement

The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. However, given the bulk annuity policy and liquidity holdings of the Plan, the Trustees note that the impact of portfolio turnover costs and the duration of arrangement with the investment manager are expected to have zero impact.

For any open-ended pooled funds and the segregated mandate with Schroders in which the Plan invests, there are no predetermined lengths of agreement with the investment managers.

The suitability of the Plan's asset allocation and its ongoing alignment with the Trustees' investment beliefs is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.