



SWAN MILL PAPER COMPANY LIMITED RETIREMENT  
BENEFITS PLAN  
ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2025  
**Scheme Registration Number: 101611420**

# Swan Mill Paper Company Limited Retirement Benefits Plan

Annual Report for the year ended 31 March 2025

## Contents

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|                                                                            | <b>Page</b>    |
|----------------------------------------------------------------------------|----------------|
| <b>Trustees, Principal Employer and Advisers</b>                           | <b>1</b>       |
| <b>Trustees' Report</b>                                                    | <b>2 - 9</b>   |
| <b>Statement of Trustees' Responsibilities</b>                             | <b>10</b>      |
| <b>Independent Auditor's Report to the Trustees</b>                        | <b>11 - 13</b> |
| <b>Financial Statements</b>                                                | <b>14 - 15</b> |
| <b>Notes to the Financial Statements</b>                                   | <b>16 - 23</b> |
| <b>Independent Auditor's Statement about Contributions to the Trustees</b> | <b>24</b>      |
| <b>Summary of Contributions</b>                                            | <b>25</b>      |
| <b>Actuarial Certificate</b>                                               | <b>26</b>      |
| <b>Appendix 1: Implementation statement</b>                                | <b>27 - 33</b> |

# Swan Mill Paper Company Limited Retirement Benefits Plan

Annual Report for the year ended 31 March 2025

Trustees, Principal Employer and Advisers

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## Trustees

### **Employer-nominated Trustee**

Queen Street Trustees Limited - Independent Trustee

### **Member-nominated Trustee**

G Rogers

## Principal Employer

Swan Mill (Holdings) Limited

## Plan Actuary

Richard Francis, F.I.A.  
Mercer Limited

## Independent Auditor

Menzies LLP

## Administrators

Aptia UK Limited

## Investment Manager

Legal & General Assurance (Pensions Management) Limited

## Investment Adviser

Broadstone Corporate Benefits Limited

## Additional Voluntary Contribution (AVC) Providers

Scottish Friendly Assurance Society Limited  
Standard Life Assurance Company

## Bank

HSBC Bank Plc

## Legal Adviser

Irwin Mitchell LLP

## Contact for further information and complaints about the Plan

Mr Mark Challis  
Aptia UK Limited  
Maclaren House  
Talbot Road  
Salford, Manchester  
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# Swan Mill Paper Company Limited Retirement Benefits Plan

## Annual Report for the year ended 31 March 2025

### Trustees' Report

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#### Introduction

The Trustees of the Swan Mill Paper Company Limited Retirement Benefits Plan (the Plan) are pleased to present their report together with the audited financial statements for the year ended 31 March 2025. The Plan ceased to be a Hybrid scheme with effect from 20 November 2020 when the DC Section was transferred from Standard Life to the L&G Mastertrust, which is separate from the Swan Mill Paper Company Limited Retirement Benefits Plan. Members' DC account balances were transferred to the L&G Mastertrust based on their current investment selections and mapped to similar investment funds.

#### Constitution

The Plan was established on 1 June 1961 and is governed by a definitive trust deed dated 15 July 1992.

#### Management of the Plan

##### Trustees

The Trustees who served during the year are listed on Page 1.

In accordance with the Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 2006, members have the option to nominate and vote for Member-nominated Trustees.

In accordance with the trust deed, the Principal Employer, Swan Mill (Holdings) Limited, has the power to appoint and remove the Employer nominated Trustee of the Plan. The Member nominated Trustee may be removed before the end of his term only by agreement of all the remaining Trustees.

The Trustees have met twice during the year.

##### Statement of Trustees' Responsibilities

The Statement of Trustees' Responsibilities is set out on page 10 and forms part of this Trustees' Report.

##### Governance and risk management

The Trustees have in place a business plan which sets out their objectives in areas such as administration, investment and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustees run the Plan efficiently and serves as a useful reference document.

The Trustees have also focused on risk management. A risk register has been put in place which sets out the key risks to which the Plan is subject along with the controls in place to mitigate these. This register is regularly reviewed and updated by the Trustees.

##### Trustee knowledge and understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with scheme documentation. In March 2024, the Pensions Regulator published their new General Code of Practice to assist trustees on these matters, combining ten existing codes and introducing new obligations not covered by the existing codes, intending to improve scheme governance and administration. The Trustees have implemented the new requirements.

##### Principal Employer

The Plan is provided by the Principal Employer for eligible employees. The Principal Employer's registered address is Swan Mill (Holdings) Limited, Goldsel Road, Swanley, Kent, BR8 8EU.

Swan Mill (Holdings) Limited is the Plan's Principal Employer and has responsibilities as such to the Plan, however the Plan's sole Statutory Employer is Swan Mill Paper Company Limited. Throughout this Annual Report, "Employer" means Swan Mill Paper Company Limited.

# Swan Mill Paper Company Limited Retirement Benefits Plan

## Annual Report for the year ended 31 March 2025

### Trustees' Report

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#### Financial development

The financial statements on pages 14 to 23 have been prepared and audited in accordance with the Regulations made under Section 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund decreased from £24,043,375 at 31 March 2024 to £22,901,665 at 31 March 2025.

The decrease shown above comprised net withdrawals from dealings with members of £111,108 together with net returns on investments of £(1,030,602).

#### Report on actuarial liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustees and the Principal Employer and set out in the Statement of Funding Principles, which is available to Plan members on request.

The most recent full actuarial valuation of the Plan was carried out as at 31 March 2023. Updated valuations were performed on 31 March 2024 and 31 March 2025. These showed:

|                                         | <b>Actuarial Valuation<br/>31 March 2023</b> | <b>Actuarial Update<br/>31 March 2024</b> | <b>Actuarial Update<br/>31 March 2025</b> |
|-----------------------------------------|----------------------------------------------|-------------------------------------------|-------------------------------------------|
| The value of Technical Provisions was : | £24.6 million                                | £22.7 million                             | £20.2 million                             |
| The value of Assets was:                | £23.7 million                                | £24.0 million                             | £22.9 million                             |
| Percentage of Technical Provisions:     | 96%                                          | 106%                                      | 113%                                      |

The next full actuarial valuation will be carried out as 31 March 2026.

Note, the actuarial update as at 31 March 2025 is an estimate only and prepared in advance of the audited asset information being available.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles).

#### Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit method, under which the salary increases assumed for each member are projected until that member is assumed to leave active service by death, retirement or withdrawal from service.

#### Significant actuarial assumptions

| <b>Principal actuarial assumptions for valuation as at 31 March 2023</b> |                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Discount interest rate:                                                  | Gilt yield curve + 0.5% p.a.                                                                                                                                                                                                        |
| Future Retail Price inflation:                                           | Implied inflation yield curve                                                                                                                                                                                                       |
| Future Consumer Price inflation:                                         | RPI less 0.8% up to 2030 and no deduction thereafter                                                                                                                                                                                |
| Pay increases:                                                           | RPI                                                                                                                                                                                                                                 |
| Mortality:                                                               | S3PMA and S3PFA_M YoB tables with CMI 2022 with an Sk = 7, a long term trend rate of 1.5% p.a. with the following weightings:<br><br>Non retired members: Female = 98% / Male = 103%<br>Retired members: Female = 95% / Male = 103% |
| Commutation:                                                             | 75% of the maximum cash available                                                                                                                                                                                                   |

Details of the gilt yield curve and the implied inflation yield curve used in the calculation of the Technical Provisions can be found in the Statement of Funding Principles dated May 2024.

# Swan Mill Paper Company Limited Retirement Benefits Plan

## Annual Report for the year ended 31 March 2025

### Trustees' Report

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#### Membership

The membership movements of the Plan for the year are given below:

|                        | Actives  | Deferreds | Pensioners | Total      |
|------------------------|----------|-----------|------------|------------|
| At 1 April 2024        | 1        | 45        | 121        | 167        |
| Adjustments            | -        | (1)       | 2          | 1          |
| Retirements            | (1)      | (7)       | 8          | -          |
| Deaths                 | -        | -         | (2)        | (2)        |
| Spouses and dependants | -        | -         | 1          | 1          |
| At 31 March 2025       | <u>-</u> | <u>37</u> | <u>130</u> | <u>167</u> |

Pensioners include 20 beneficiaries (2024: 20) receiving a pension.

Pensioners include 2 insured pension (2024: 1) held with Legal & General.

These membership figures do not include movements notified to the Administrator after the completion of the annual renewal.

Adjustments relate to member movements notified following the completion of the prior year renewal.

#### Pension increases

During the year ended 31 March 2025 all pensions in payment were increased as defined under the terms of the Plan. Preserved pensions were increased in accordance with statutory requirements. There have been no discretionary increases.

#### Calculation of transfer values

Transfer values are calculated and verified in the manner required by the Regulations made under Section 97 of the Pension Schemes Act 1993 and do not include discretionary benefits. None of the transfer values paid was less than the amount provided by the Regulations.

#### Investment management

##### General

The overall investment policy of the Plan is determined by the Trustees having taken advice from their advisers, Broadstone Corporate Benefits Limited. The Trustees are responsible for determining the investment strategy and manager appointments after taking appropriate advice. The Trustees have delegated the day-to-day management of investments to professional investment managers. These managers undertake, within restrictions in the contractual documentation, the day-to-day management of the asset portfolio, including the full discretion for stock selection.

At the end of the period under review, the Plan's invested assets were managed by Legal & General Investment Management ('LGIM').

The Trustees have produced a Statement of Investment Principles ("SIP") in accordance with Section 35 of the Pensions Act 1995, the Occupational Pension Scheme's (Investment) Regulations 2005 and subsequent legislation.

##### Environmental, Social and Governance Considerations

The Trustees recognise that Environmental, Social and Governance (ESG) issues, including climate risk, can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Plan invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustees delegate responsibility for day-to-day decisions on the selection of investments to the Investment Manager. The Trustees have an expectation that the Investment Manager will consider ESG issues in selecting investments, or will otherwise engage with the issuers of the Plan's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.

The Trustees do not currently impose any specific restrictions on the Investment Manager with regard to ESG issues, but will review this position from time to time. The Trustees receive information from the Investment Manager on their approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Plan's investments associated with the impact of climate change, the Trustees take the view that this falls within their general approach to ESG issues. The Trustees regard the potential impact of climate change on the Plan's assets as a longer term risk and likely to be less material in the context of the short to medium term development of the Plan's funding position than other risks. The Trustees will continue to monitor market developments in this area with its investment adviser.

##### Views of Members and Beneficiaries

The Plan is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustees therefore do not explicitly seek to reflect any specific views through the implementation of the investment strategy, both financial and non-financial.

##### Stewardship: Exercise of voting rights and engagement activities

The Plan does not currently invest in equities (as of April 2024), and therefore the Trustees acknowledge that where it invests in debt instruments there are no attaching voting rights.

Where appropriate, the Trustees' voting and engagement policy is to use their investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices.

The Trustees believe that having this policy, and aiming to improve how companies behave in the medium and long term, is in the members' best interests. The Trustees will aim to monitor the actions taken by the Investment Manager on their behalf and if there are significant differences from the policy detailed above, they will escalate their concerns which could ultimately lead to disinvesting their assets from the manager.

##### Incentivisation of investment managers – remuneration and objectives

The Investment Manager is remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund.

The Trustees do not directly incentivise the Investment Manager to align the approach they adopt for a particular fund with the Trustees' policies and objectives. Instead, the Investment Manager and the funds are selected so that, in aggregate, the returns produced are expected to meet the Trustees' objectives.

### **Incentivisation of investment managers – performance**

The Trustees do not directly incentivise the Investment Manager to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustees expect such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Plan.

### **Monitoring the investment strategy and managers**

The Trustees employ Broadstone to assist them in monitoring the performance of the Plan's investment strategy and Investment Manager.

The investment manager provides the Trustees with monthly reports setting out a valuation of their funds. The Trustees also receive quarterly reports from the Investment Manager and meet with its representatives periodically to review their investment performance and processes.

The Investment Manager will supply the Trustees with sufficient information each quarter to enable them to monitor financial and non-financial performance. The Trustees and Broadstone will monitor the Investment Manager's performance against their performance objectives.

The appropriateness of the Investment Manager's remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise a manager has had in meeting its objectives, both financial and non-financial.

The Trustees will consider on a regular basis whether or not the Investment Manager and AVC providers remain appropriate to continue to manage the Plan's investments and AVCs.

### **Portfolio turnover and costs**

The Trustees expect the Investment Manager to change underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.

The Trustees therefore do not set a specific portfolio turnover target (or range) for their strategy or the underlying funds.

Under normal market conditions, the Trustees expect very low turnover and associated costs, as most of the funds operate on a buy and maintain basis, with the funds holding the investments until they mature. In addition, around two-thirds of the assets are intended to be invested in gilt based or cash funds, asset classes which typically have very low transaction costs.

The Trustees monitor the Investment Manager's performance net of fees and portfolio turnover costs. Any negative performance deviation from the benchmark (in excess of the fees) initiates engagement with the Investment Manager to understand the reasons, if not already understood. The Investment Manager provides information on portfolio turnover and associated costs to the Trustees on request, as appropriate.

The turnover costs considered by the Trustees include explicit costs (e.g. transaction taxes, broker commissions, other transaction related services) and implicit costs (e.g. slippage), as detailed in the MIFID II Cost and Charges Directive.

### **Investment Strategy**

In early 2024, the Trustees agreed to make changes to the Plan's investment strategy to adopt a 'buyout ready' investment strategy in anticipation that the Plan will approach the insurer buyout market within the next couple of years and implement a full risk transfer of the Plan's liabilities. These changes to the investment strategy were implemented with the Investment Manager on 17 April 2024. Other than this, there have been no changes to the Plan's investment strategy during the year.

The Trustees' investment objectives are as follows:

- To ensure that the assets are of a nature to enable the Trustees to meet the Plan's benefits as they fall due.
- To invest the Plan's assets in an appropriately diverse and liquid range of investments.
- To target a level of hedging of 100% against the interest rate risk and inflation risk associated with the Plan's estimated buyout liabilities.
- To deliver an expected return which is expected to be at least in line with the return required to maintain the Plan's buyout funding position.

The Trustees will also have regard to the Company's views on the potential costs and risks associated with the investment objectives set and their implementation through the practical strategy.

# Swan Mill Paper Company Limited Retirement Benefits Plan

Annual Report for the year ended 31 March 2025

## Trustees' Report

### Performance

A summary of the overall performance of the assets for the Plan for periods to 31 March 2025 is provided in the table below (shown gross of fees). Performances are only shown if the Plan was invested in the fund over that time period.

| LGIM Fund                                       | 1 Year |        |          | 3 Year (p.a) |        |          |
|-------------------------------------------------|--------|--------|----------|--------------|--------|----------|
|                                                 | Fund   | Index  | Relative | Fund         | Index  | Relative |
|                                                 | %      | %      | %        | %            | %      | %        |
| <b>Corporate Bonds</b>                          |        |        |          |              |        |          |
| Maturing Buy and Maintain Credit Fund 2025-2029 | 4.6    | -      | 4.6      | 1.2          | -      | 1.2      |
| Maturing Buy and Maintain Credit Fund 2030-2034 | 2.4    | -      | 2.4      | (1.2)        | -      | (1.2)    |
| <b>LDI</b>                                      |        |        |          |              |        |          |
| 2027 Glit fund                                  | 3.7    | 3.7    | -        | (0.3)        | (0.3)  | -        |
| 2034 Glit fund                                  | (0.9)  | (0.9)  | -        | (4.8)        | (4.8)  | -        |
| 2038 Glit fund                                  | (2.8)  | (2.8)  | -        | (7.6)        | (7.6)  | -        |
| 2042 Glit fund                                  | (4.8)  | (4.8)  | -        | (10.2)       | (10.2) | -        |
| 2047 Glit fund                                  | (8.6)  | (8.6)  | -        | (15.9)       | (15.9) | -        |
| 2053 Green Gilt Fund                            | (11.2) | (11.2) | -        | (19.4)       | (19.4) | -        |
| 2055 Glit fund                                  | (9.0)  | (9.0)  | -        | (16.3)       | (16.3) | -        |
| 2065 Glit fund                                  | (11.7) | (11.7) | -        | (21.2)       | (21.2) | -        |
| 2071 Glit fund                                  | (10.8) | (10.8) | -        | (23.5)       | (23.4) | (0.1)    |
| 2042 Leveraged Gilt Fund                        | (23.1) | (23.2) | 0.1      | (60.8)       | (62.6) | 1.8      |
| 2060 Leveraged Gilt Fund                        | (26.2) | (26.3) | 0.1      | (64.2)       | (65.0) | 0.8      |
| 2027 Index-Linked Gilt                          | 3.5    | 3.5    | -        | 1.0          | 1.0    | -        |
| 2032 Index-Linked Gilt                          | (1.8)  | (1.9)  | -        | (4.2)        | (4.2)  | -        |
| 2050 Index-Linked Gilt                          | (15.5) | (15.5) | -        | (23.1)       | (23.1) | -        |
| 2068 Index-Linked Gilt                          | (25.0) | (25.0) | -        | (36.9)       | (36.9) | -        |
| 2073 Index Linked Gilt Fund                     | (23.5) | (23.5) | -        | (38.5)       | (38.3) | (0.2)    |
| 2037 Leveraged Index-Linked Gilt                | (23.2) | (23.3) | -        | (59.4)       | (60.8) | 1.4      |
| 2042 Leveraged Index-Linked Gilt                | (26.6) | (26.6) | -        | (71.5)       | (73.5) | 2.0      |
| 2047 Leveraged Index-Linked Gilt                | (27.7) | (27.8) | 0.1      | (71.6)       | (72.7) | 1.1      |
| 2055 Leveraged Index-Linked Gilt                | (30.9) | (30.9) | -        | (84.8)       | (74.4) | (10.4)   |
| 2062 Leveraged Index-Linked Gilt                | (30.8) | (30.9) | -        | (60.8)       | (60.0) | (0.8)    |
| <b>Cash</b>                                     |        |        |          |              |        |          |
| Sterling Liquidity Fund                         | 5.2    | 5.1    | 0.1      | 4.2          | 4.1    | 0.1      |

Source: LGIM and Broadstone calculations, gross of fees.

The Buy and Maintain Credit funds have no formal benchmark, so the performance is not compared to any index. The Fund's aim is to provide investors with a combination of growth and income so not to track or outperform any benchmark.

## Investment Markets

In the first half of the year, despite periods of volatility, especially in July and early August, risk assets generally delivered positive returns. Resilient economic data continued to support the possibility of a 'soft landing' and central banks in the US, Eurozone, and UK all cut interest rates over the period. Sterling strengthened against the Euro and especially the US Dollar, which impacted returns for unhedged UK investors.

Following the UK's Autumn Budget and the US Presidential Election in Q4 2024, markets have been dominated by geopolitical events in both the United States and Europe. Investor confidence was initially shaken by the launch of China's DeepSeek AI model, which impacted the dominant Technology sector. In more recent months, threats of sweeping tariffs across American trading partners and geopolitical tensions have rattled markets (which have since intensified following Trump's 'Liberation Day' on 2 April).

The Bank of England's Monetary Policy Committee voted three times to cut the base rate over the year which stood at 4.5% at the end of the period. This was following a revised expected growth forecast which assumed lower growth than previously expected. UK bond yields increased over the year mainly due to persistent inflation and the increase in borrowing announced in the Autumn budget.

Overall, corporate bonds performed well over the period, particularly in the first half of the year with credit spreads tightening to historic lows by the end of 2024. These gains were reversed in Q1 2025 as credit spreads began to widen again.

| Assets Class Returns               | 1 year<br>(%) | 3 years<br>(% p.a.) | 5 years<br>(% p.a.) |
|------------------------------------|---------------|---------------------|---------------------|
| <b>Equities</b>                    |               |                     |                     |
| UK Equities                        | 10.5          | 7.2                 | 12.0                |
| Global Equities (Hedged)           | 8.5           | 8.2                 | 15.7                |
| North American Equities (Hgd)      | 8.8           | 7.6                 | 17.2                |
| European Equities (ex UK) (Hgd)    | 7.2           | 10.3                | 15.1                |
| Japanese Equities (Hedged)         | 2.3           | 17.7                | 19.0                |
| Pacific Equities (ex Japan) (Hgd)  | 2.2           | 3.3                 | 10.5                |
| Emerging Market Equities (Hgd)     | 9.7           | 3.6                 | 8.5                 |
| <b>Bonds</b>                       |               |                     |                     |
| UK Gilts (All Stocks)              | (1.2)         | (6.1)               | (5.8)               |
| UK Gilts (Over 15 Years)           | (8.2)         | (14.9)              | (12.5)              |
| UK Index-Linked Gilts (All Stocks) | (8.0)         | (13.8)              | (7.2)               |
| UK Bonds (All Stocks)              | 2.5           | (0.8)               | (0.2)               |
| UK Bonds (Over 15 Years)           | (4.6)         | (7.9)               | (4.8)               |
| Overseas Government Bonds          | 2.8           | (0.7)               | (1.6)               |
| <b>Other Asset Classes</b>         |               |                     |                     |
| Commercial Property                | 2.4           | (4.0)               | (1.0)               |
| Cash                               | 4.9           | 4.0                 | 2.4                 |
| Oil                                | (7.3)         | (2.9)               | 18.6                |
| Gold                               | 36.4          | 17.1                | 12.3                |

| Exchange Rates (£=) | 31 Mar 2025 | 31 Dec 2024 | 30 Sep 2024 | 31 Mar 2024 |
|---------------------|-------------|-------------|-------------|-------------|
| Dollar              | \$1.2918    | \$1.2530    | \$1.3394    | \$1.2632    |
| Euro                | €1.1950     | €1.2077     | €1.1993     | €1.1694     |
| Yen                 | ¥193.65     | ¥196.61     | ¥190.92     | ¥191.18     |

| Interest/Inflation Rates                    | 31 Mar 2025 | 31 Dec 2024 | 30 Sep 2024 | 31 Mar 2024 |
|---------------------------------------------|-------------|-------------|-------------|-------------|
| Nominal Gilt Yields (20 Year Duration)      | 5.5%        | 5.3%        | 4.7%        | 4.5%        |
| Gilt Breakeven Inflation (20 Year Duration) | 3.4%        | 3.4%        | 3.4%        | 3.5%        |

Source: FE Analytics

**LGIM Pricing error**

During the year to 31 March 2025, L&G identified a pricing error issue which impacted the L&G Buy & Maintain 2020-2024 Credit Fund (which has since closed having returned all income and capital proceeds from the underlying bond holdings). The issue was resolved through further units being allocated to the Plan as well as approximately £52,000 also being credited to the policy.

**Custodial arrangements**

As the Plan's assets are wholly invested in pooled funds, responsibility for appointing an appropriate custodian and monitoring their ongoing suitability is fully delegated to the Plan's underlying investment managers. The underlying custodian is responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed Investments.

LGIM use Citibank as custodian.

HSBC Bank Plc is appointed by the Trustees as custodian of the cash held in connection with the administration of the Plan.

**Basis of investment manager's fees**

The investment managers levy a charge which is deducted from the value of the assets and reflected in the price of the units.

**Further information**

Further information about the Plan is given in the explanatory booklet, which is issued to all members.

**Approval**

The Trustees' Report on pages 2 to 9, and the Implementation Statement on pages 27 to 33, were approved by the Trustees and signed on their behalf by:

..... Trustee

Date: .....

#### Statement of Trustees' Responsibilities

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The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless they either intend to wind up the Plan, or have no realistic alternative but to do so.

The Trustees are also responsible for making available certain other information about the Plan in the form of an Annual Report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

## Independent Auditor's report to the Trustees of the Swan Mill Paper Company Limited Retirement Benefits Plan

### Opinion

We have audited the financial statements of the Swan Mill Paper Company Limited Retirement Benefits Plan for the year ended 31 March 2025 which comprise the fund account, the statement of net assets and the related notes. The Financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 March 2025, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Financial Statements and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement on page 10, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to wind up the Plan or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with the Trustees.

- The Plan is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the laws and regulations which were most significant include the Pensions Act, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland the Pensions SORP, the Disclosure of Information Regulations and The Pensions Regulator Codes of Practice.
- We understood how the Plan is complying with those legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures and the Secretary to the Trustees (or such other person as deemed appropriate). We corroborated our inquiries through our review of Trustees meeting minutes.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the Plan's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process; and
  - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:
  - Misstatement of value or non-existence of investments.
  - Member transfer of benefits to a fraudulent or unregulated arrangement.
  - Misappropriation of funds either inadvertently or deliberately by administrators and/or Trustees.
  - Identity fraud – Production of false documentation to misdirect benefit payments.
  - Failure to notify of a pensioner death leading to incorrect continuation of pension payments.

## Swan Mill Paper Company Limited Retirement Benefits Plan

Annual Report for the year ended 31 March 2025

### Independent Auditor's Report to the Trustees

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Because of the inherent limitations of an audit, there is an unavoidable risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/Our-Work/Audit/audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for/Description-of-auditors-responsibilities-for-audit.aspx>.

This report is made solely to the Plan's Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to the Trustees in an Auditor's report on the financial statements and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Menzies LLP  
Chartered Accountants Statutory Auditor  
Victoria House  
Victoria Road  
Farnborough  
Hampshire  
GU14 7PG

Date:

# Swan Mill Paper Company Limited Retirement Benefits Plan

Annual Report for the year ended 31 March 2025

## Financial Statements

### Fund Account

|                                                                | Note | 2025<br>Total<br>£ | 2024<br>Total<br>£ |
|----------------------------------------------------------------|------|--------------------|--------------------|
| Employer contributions                                         |      | 1,751,618          | 1,559,095          |
| Employee contributions                                         |      | 785                | 4,415              |
| <b>Total contributions</b>                                     | 4    | <b>1,752,403</b>   | 1,563,510          |
| Other income                                                   | 5    | 62,750             | 14,538             |
|                                                                |      | <b>1,815,153</b>   | <b>1,578,048</b>   |
| Benefits paid or payable                                       | 6    | (1,827,227)        | (1,355,664)        |
| Payments to and on account of leavers                          | 7    | (6,835)            | (11,775)           |
| Administrative expenses                                        | 8    | (92,199)           | (660)              |
|                                                                |      | <b>(1,926,261)</b> | <b>(1,368,099)</b> |
| <b>Net (withdrawals)/ additions from dealings with members</b> |      | <b>(111,108)</b>   | 209,949            |
| <b>Returns on investments</b>                                  |      |                    |                    |
| Investment income                                              | 9    | 32,852             | 10,498             |
| Change in market value of investments                          | 10   | (1,013,728)        | 38,981             |
| Investment management expenses                                 | 11   | (49,726)           | (33,836)           |
| <b>Net returns on investments</b>                              |      | <b>(1,030,602)</b> | 15,643             |
| <b>Net (decrease)/ increase in the fund during the year</b>    |      | <b>(1,141,710)</b> | 225,592            |
| <b>Net assets at 1 April</b>                                   |      | <b>24,043,375</b>  | 23,817,783         |
| <b>Net assets at 31 March</b>                                  |      | <b>22,901,665</b>  | 24,043,375         |

The notes on pages 16 to 23 form part of these financial statements.

# Swan Mill Paper Company Limited Retirement Benefits Plan

Annual Report for the year ended 31 March 2025

## Financial Statements

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### Statement of Net Assets available for benefits

|                               | Note | 2025<br>Total<br>£ | 2024<br>Total<br>£ |
|-------------------------------|------|--------------------|--------------------|
| <b>Investment assets</b>      |      |                    |                    |
| Pooled investment vehicles    | 13   | 22,753,017         | 22,722,418         |
| AVC investments               | 14   | 55,473             | 125,365            |
|                               |      | <u>22,808,490</u>  | <u>22,847,783</u>  |
| <b>Investment liabilities</b> |      |                    |                    |
| Cash                          | 15   | (11,318)           | -                  |
| <b>Total net investments</b>  | 10   | 22,797,172         | 22,847,783         |
| <b>Current assets</b>         | 20   | 156,322            | 1,242,395          |
| <b>Current liabilities</b>    | 21   | (51,829)           | (46,803)           |
| <b>Net assets at 31 March</b> |      | <u>22,901,665</u>  | <u>24,043,375</u>  |

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which takes into account such obligations, is dealt with in the report on actuarial liabilities on page 3 of the annual report and these financial statements should be read in conjunction with this report.

The notes on pages 16 to 23 form part of these financial statements.

The financial statements on pages 14 to 23 were approved by the Trustees and signed on their behalf by:

..... Trustee

Date: .....

## 1. Identification of the financial statements

The Plan is established as a trust under English law.

The Plan was established to provide retirement benefits to certain employees. The address of the Plan's principal office is Goldsel Road, Swanley, Kent, BR8 8EU.

The Plan is a defined benefit scheme.

## 2. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) - The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (the SORP) (Revised June 2018).

## 3. Accounting policies

The principal accounting policies are set out below. Unless otherwise stated, they have been applied consistently year on year.

### 3.1 Accruals concept

The financial statements have been prepared on an accruals basis.

### 3.2 Currency

The Plan's functional currency and presentational currency is Pounds Sterling (GBP).

### 3.3 Contributions

Employee contributions, including AVCs, are accounted for by the Trustees when they are deducted from pay by the Employer.

Employer normal contributions which are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedules of Contributions in force during the year.

Employer deficit funding contributions are accounted for in the period to which they relate, in accordance with the Schedules of Contributions, or on receipt if earlier, with the agreement of the employer and Trustees.

### 3.4 Transfers

Individual transfers out of the Plan are accounted for when the member liability is discharged which is normally when the transfer amount is paid.

### 3.5 Other income

Other income is accounted for in the period in which it falls due on an accruals basis.

### 3.6 Payments to members

Pensions in payment are accounted for in the period to which they relate.

Other benefits, and any associated tax liabilities, are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for on the later of the date of leaving, retirement or death and the date on which any option or notification is communicated to the Trustees. If there is no choice, they are accounted for on the date of retirement or leaving.

### 3.7 Administrative and other expenses

Administrative expenses are accounted for in the period in which they fall due on an accruals basis.

Investment management expenses are accounted for in the period in which they fall due on an accruals basis.

### 3.8 Investment income

Receipts from annuity policies are accounted for as investment income on an accruals basis.

### 3.9 Change in market value of investments

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

### 3.10 Valuation of investments

Investments are included at fair value as follows:

The market value of pooled investment vehicles is based on the bid or dealing price operating at the year end, as advised by the investment managers.

The AVC investments comprise policies of assurance. The market value of these policies has been taken as the surrender values of the policies at the year end, as advised by the AVC providers.

## 4. Contributions

|                                | 2025<br>Total<br>£ | 2024<br>Total<br>£ |
|--------------------------------|--------------------|--------------------|
| <b>Employer contributions:</b> |                    |                    |
| Normal                         | 1,618              | 9,095              |
| Deficit funding                | 1,750,000          | 1,550,000          |
|                                | <u>1,751,618</u>   | <u>1,559,095</u>   |
| <b>Employee contributions:</b> |                    |                    |
| Normal                         | 785                | 4,415              |
|                                | <u>1,752,403</u>   | <u>1,563,510</u>   |

In accordance with the Schedule of Contributions certified by the Plan Actuary on 23 May 2024, the Trustees and the Employer agreed lump sum contributions of £1.05m and £1.75m that were received in March 2024 and April 2024 respectively. These lump sum payments included allowance for both the estimated 'wind up' deficit and the ongoing administration costs of the Plan over a three year period.

## 5. Other income

|                                                | 2025<br>Total<br>£ | 2024<br>Total<br>£ |
|------------------------------------------------|--------------------|--------------------|
| Interest on cash deposits held by the Trustees | 10,656             | 14,538             |
| Compensation                                   | 52,094             | -                  |
|                                                | <u>62,750</u>      | <u>14,538</u>      |

Compensation relates to income received from LGIM due to the pricing error described on page 9. This pricing error issue impacted the L&G Buy & Maintain 2020-2024 Credit Fund and was resolved through further units being allocated to the Plan with the above compensation being credited to the policy.

# Swan Mill Paper Company Limited Retirement Benefits Plan

Annual Report for the year ended 31 March 2025

## Notes to the Financial Statements

### 6. Benefits paid or payable

|                                                          | 2025<br>Total<br>£ | 2024<br>Total<br>£ |
|----------------------------------------------------------|--------------------|--------------------|
| Pensions                                                 | 1,296,341          | 1,167,714          |
| Commutation of pensions and lump sum retirement benefits | 475,949            | 157,095            |
| Purchase of annuities                                    | 54,937             | 30,855             |
|                                                          | <u>1,827,227</u>   | <u>1,355,664</u>   |

### 7. Payments to and on account of leavers

|                                           | 2025<br>Total<br>£ | 2024<br>Total<br>£ |
|-------------------------------------------|--------------------|--------------------|
| Individual transfers out to other schemes | 6,835              | 11,775             |

### 8. Administrative expenses

|                          | 2025<br>Total<br>£ | 2024<br>Total<br>£ |
|--------------------------|--------------------|--------------------|
| Pension consultancy fees | 50,740             | -                  |
| Administration fees      | 23,540             | -                  |
| Audit fees               | 12,100             | -                  |
| Legal fees               | 3,887              | -                  |
| Plan levies              | 1,437              | -                  |
| Bank charges paid        | 495                | 660                |
|                          | <u>92,199</u>      | <u>660</u>         |

The Schedule of Contributions certified on 23 May 2024 included allowance in the lump sum funding contributions for the ongoing administration costs of the Plan to be borne by the Plan over a three year period.

### 9. Investment income

|                | 2025<br>Total<br>£ | 2024<br>Total<br>£ |
|----------------|--------------------|--------------------|
| Annuity income | 32,852             | 10,498             |

### 10. Reconciliation of investments

|                            | Market value at<br>1 April<br>2024<br>£ | Cost of<br>investments<br>purchased<br>£ | Proceeds of<br>sales of<br>investments<br>£ | Change in<br>market value<br>£ | Market value<br>at 31 March<br>2025<br>£ |
|----------------------------|-----------------------------------------|------------------------------------------|---------------------------------------------|--------------------------------|------------------------------------------|
| Pooled investment vehicles | 22,722,418                              | 13,620,317                               | (12,565,798)                                | (1,023,920)                    | 22,753,017                               |
| AVC investments            | 125,365                                 | -                                        | (80,084)                                    | 10,192                         | 55,473                                   |
|                            | <u>22,847,783</u>                       | <u>13,620,317</u>                        | <u>(12,645,882)</u>                         | <u>(1,013,728)</u>             | <u>22,808,490</u>                        |
| Cash                       | -                                       | -                                        | -                                           | -                              | (11,318)                                 |
|                            | <u>22,847,783</u>                       |                                          |                                             | <u>(1,013,728)</u>             | <u>22,797,172</u>                        |

## Swan Mill Paper Company Limited Retirement Benefits Plan

### Annual Report for the year ended 31 March 2025

#### Notes to the Financial Statements

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##### 10.1 Transaction costs

Indirect transaction costs are incurred through the bid-offer spread on investments within the pooled investment vehicles. The amount of indirect costs is not separately provided to the Plan.

##### 11. Investment management expenses

|                                             | 2025<br>Total<br>£ | 2024<br>Total<br>£ |
|---------------------------------------------|--------------------|--------------------|
| Administration, management and custody fees | 32,601             | 33,836             |
| Performance measurement fees                | 17,125             | -                  |
|                                             | <u>49,726</u>      | <u>33,836</u>      |

##### 12. Taxation

The Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

##### 13. Pooled investment vehicles

|                              | 2025<br>Total<br>£ | 2024<br>Total<br>£ |
|------------------------------|--------------------|--------------------|
| Liability Driven Investments | 13,665,140         | 10,348,120         |
| Corporate Bonds              | 7,392,530          | 8,071,558          |
| Cash                         | 1,695,347          | 1,292,183          |
| Equities                     | -                  | 3,010,557          |
|                              | <u>22,753,017</u>  | <u>22,722,418</u>  |

The Legal & General pooled investments are held in the name of the Plan. Income generated by these units is not distributed, but retained within the pooled investments and reflected in the market value of the units.

The company managing the pooled investments is registered in the United Kingdom.

##### 14. AVC investments

The Trustees hold assets which are separately invested from the main fund in the form of individual policies of assurance. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement made up to 31 March each year, confirming the amounts held to their account and the movements during the year.

The total amount of AVC investments at the year end is shown below:

|                                             | 2025<br>Total<br>£ | 2024<br>Total<br>£ |
|---------------------------------------------|--------------------|--------------------|
| Scottish Friendly Assurance Society Limited | 33,940             | 75,476             |
| Standard Life Assurance Company             | 21,533             | 49,889             |
|                                             | <u>55,473</u>      | <u>125,365</u>     |

# Swan Mill Paper Company Limited Retirement Benefits Plan

## Annual Report for the year ended 31 March 2025

### Notes to the Financial Statements

#### 15. Cash

|                            | <b>Assets</b> | <b>Liabilities</b> | <b>2025</b> | <b>Assets</b> | <b>Liabilities</b> | <b>2024</b> |
|----------------------------|---------------|--------------------|-------------|---------------|--------------------|-------------|
|                            | <b>£</b>      | <b>£</b>           | <b>£</b>    | <b>£</b>      | <b>£</b>           | <b>£</b>    |
| Investment cash in transit | -             | (11,318)           | (11,318)    | -             | -                  | -           |

#### 16. Fair value hierarchy

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

|         |                                                                                                                                                                                                                                                                                                                                                              |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | Unadjusted quoted prices in active markets for identical assets or liabilities which the reporting entity can access at the assessment dates.                                                                                                                                                                                                                |
| Level 2 | Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly. Observable inputs are inputs which reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. |
| Level 3 | Unobservable inputs for the asset or liability. Unobservable inputs are inputs which reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.                                                                                 |

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Plan's investment assets and liabilities fall within the above hierarchy as follows:

|                            | <b>2025</b>     | <b>2025</b>       | <b>2025</b>    | <b>2025</b>       |
|----------------------------|-----------------|-------------------|----------------|-------------------|
|                            | <b>Level 1</b>  | <b>Level 2</b>    | <b>Level 3</b> | <b>Total</b>      |
|                            | <b>£</b>        | <b>£</b>          | <b>£</b>       | <b>£</b>          |
| Pooled investment vehicles | -               | 22,753,017        | -              | 22,753,017        |
| AVC investments            | -               | -                 | 55,473         | 55,473            |
| Cash                       | (11,318)        | -                 | -              | (11,318)          |
|                            | <b>(11,318)</b> | <b>22,753,017</b> | <b>55,473</b>  | <b>22,797,172</b> |

Analysis for the prior year end is as follows:

|                            | <b>2024</b>    | <b>2024</b>       | <b>2024</b>    | <b>2024</b>       |
|----------------------------|----------------|-------------------|----------------|-------------------|
|                            | <b>Level 1</b> | <b>Level 2</b>    | <b>Level 3</b> | <b>Total</b>      |
|                            | <b>£</b>       | <b>£</b>          | <b>£</b>       | <b>£</b>          |
| Pooled investment vehicles | -              | 22,722,418        | -              | 22,722,418        |
| AVC investments            | -              | -                 | 125,365        | 125,365           |
| Cash                       | -              | -                 | -              | -                 |
|                            | <b>-</b>       | <b>22,722,418</b> | <b>125,365</b> | <b>22,847,783</b> |

The negative balance of cash of £11,318 represents cash in transit.

# Swan Mill Paper Company Limited Retirement Benefits Plan

## Annual Report for the year ended 31 March 2025

### Notes to the Financial Statements

#### 17. Investment risks

##### Summary

The Plan's invested assets and direct risks as at 31 March 2025 are summarised in the table below.

| Fund                       | Credit Risk | Currency Risk | Interest Rate Risk | Other Price Risk | 2025 Value £m | 2024 Value £m |
|----------------------------|-------------|---------------|--------------------|------------------|---------------|---------------|
| Direct Holdings            |             |               |                    |                  |               |               |
| Pooled investment vehicles | ●           | ○             | ○                  | ○                | 22.8          | 22.7          |

Key: ● = Significant risk exposure, ⊗ = Partial risk exposure, ○ = Immaterial/no risk exposure

The Plan's invested assets and indirect risks as at 31 March 2025 are summarised in the table below.

| Fund                                            | Credit Risk | Currency Risk | Interest Rate Risk | Other Price Risk | 2025 Value £m | 2024 Value £m |
|-------------------------------------------------|-------------|---------------|--------------------|------------------|---------------|---------------|
| Pooled Investment Vehicles                      |             |               |                    |                  |               |               |
| LGIM World Equity Index Fund                    | ○           | ●             | ○                  | ●                | -             | 3.0           |
| LGIM Buy & Maintain Credit Funds                | ●           | ○             | ●                  | ○                | 7.4           | 8.1           |
| LGIM UK Gilt Index Funds                        | ⊗           | ○             | ●                  | ○                | 8.6           | 2.9           |
| LGIM UK Index-Linked Gilt Index Funds           | ⊗           | ○             | ●                  | ●                | 3.1           | 3.3           |
| LGIM Leveraged UK Gilt Index Funds              | ⊗           | ○             | ●                  | ○                | 0.6           | 2.9           |
| LGIM Leveraged UK Index-Linked Gilt Index Funds | ⊗           | ○             | ●                  | ●                | 1.4           | 1.2           |
| Cash                                            | ⊗           | ○             | ●                  | ○                | 1.7           | 1.3           |

Key: ● = Significant risk exposure, ⊗ = Partial risk exposure, ○ = Immaterial/no risk exposure

Figures may not sum due to rounding.

##### Credit Risk

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

Indirectly, the Plan has exposure to credit risk within some of the funds held. This risk is delegated to the manager, who monitors the magnitude of credit risk and exposure to bonds rated below investment grade over time, as the manager changes the underlying investments.

The manager also appoints custodians to further mitigate any credit risk.

##### Currency Risk

The Plan is not exposed to currency risk. Following the full disinvestment of the L&G World Equity Index Fund, the Plan has no exposure to foreign currencies.

# Swan Mill Paper Company Limited Retirement Benefits Plan

## Annual Report for the year ended 31 March 2025

### Notes to the Financial Statements

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#### 17. Investment risks - continued

##### Interest Rate Risk

The bond and cash funds are subject to indirect interest rate risk. This risk is delegated to the manager and the exposure will vary over time as the underlying investments within the funds are altered by the manager.

The Trustees have set a target to fully hedge the Plan's liabilities on an estimated buy-out basis against changes in long term interest rates. If interest rates fall, the value of these assets will rise to help match the increase in the value of the liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these assets will fall in value (as will the liabilities) due to an increase in the discount rate.

Changes in interest rates will affect the value of the insurance contracts held by the Plan in the same way and are expected to broadly match 100% of the variation in liability value.

##### Other Price Risk

The equity fund and the index-linked gilt funds are subject to other price risk. The exposure to other price risk within the pooled funds will vary over time depending on how the managers change the underlying asset allocation. The Trustees believe that this risk is appropriately managed via diversification between the different asset classes and within each asset class. The Trustees monitor this risk on a regular basis, looking at the performance of the manager, asset class and holding, and works with its investment adviser to consider the appropriateness of all risk exposures within the portfolio. The Trustees receive an investment report on the overall management of the fund. This report is received quarterly.

#### 18. Concentration of investments

The following investments each account for more than 5% of the Plan's net assets at the year end:

|                                    | 2025      |      | 2024      |      |
|------------------------------------|-----------|------|-----------|------|
|                                    | £         | %    | £         | %    |
| LGIM Maturing B&M Credit 2030-2034 | 4,323,423 | 18.9 | 4,396,137 | 18.3 |
| LGIM Maturing B&M C 2025-2029      | 3,069,108 | 13.4 | 3,082,649 | 12.8 |
| LGIM 2038 Leveraged Gilt Fund      | 2,343,220 | 10.2 | 1,354,324 | 5.6  |
| LGIM 2042 leveraged gilt           | 2,095,908 | 9.2  | N/A       | N/A  |
| LGIM TA - Sterling Fund            | 1,695,347 | 7.4  | 1,292,183 | 5.4  |
| LGIM BSAN - 2047 Gilt Fund         | 1,560,543 | 6.8  | 1,439,567 | 6.0  |
| LGIM TJ - 2027 Index-Linked Gilt   | 1,435,001 | 6.3  | 1,421,324 | 5.9  |
| VJ-2032 Index-Linked Gilt          | 1,273,533 | 5.6  | N/A       | N/A  |
| LGIM World Equity Index            | N/A       | N/A  | 3,010,558 | 12.5 |

N/A denotes where a fund held is not above 5% of the Plan's net assets at the respective year end date.

#### 19. Employer-related investments

There was no employer-related investment as at 31 March 2025 (31 March 2024: none).

#### 20. Current assets

|                                                    | 2025<br>Total<br>£ | 2024<br>Total<br>£ |
|----------------------------------------------------|--------------------|--------------------|
| Contributions due from the employer in respect of: |                    |                    |
| - Employer                                         | -                  | 758                |
| - Employees                                        | -                  | 368                |
| Cash deposits held with HSBC Bank Plc              | 156,322            | 1,241,269          |
|                                                    | <u>156,322</u>     | <u>1,242,395</u>   |

## 21. Current liabilities

|                                        | <b>2025</b>          | 2024          |
|----------------------------------------|----------------------|---------------|
|                                        | <b>Total</b>         | Total         |
|                                        | <b>£</b>             | £             |
| Pensions payable                       | <b>13,951</b>        | 11,285        |
| Taxation payable                       | <b>21,359</b>        | 17,666        |
| Administrative expenses payable        | <b>8,950</b>         | -             |
| Investment management expenses payable | <b>7,569</b>         | 17,852        |
|                                        | <b><u>51,829</u></b> | <u>46,803</u> |

## 22. Related party transactions

The Principal Employer meets the costs of administering the Plan.

The Principal Employer paid £37,623 to the law firm and Independent Trustee Company for which Penny Cogher is a Partner and Director respectively.

## 23. Contingent Liability

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustees of the Plan are aware that the issue will affect the Plan and have already begun making decisions with regards to next steps. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts which will be dealt with in due course. The Trustees have obtained an estimate of the total impact on the Plan resulting from the judgment which represents 0.2% of the Plan's liabilities. The Trustees have also already implemented a process to ensure future transfer value quotations are calculated on an equalised basis.

On 20 November 2020, the High Court issued a follow on judgment in the Lloyds case and ruled that pension schemes will also need to revisit individual transfer payments made since 17 May 1990 to consider if any additional value is due as a result of GMP equalisation. The Trustees of the Plan are aware that this issue will affect the Plan and will be considering this matter at future meetings and decisions will be made as to the next steps.

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023 considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted out schemes in respect to benefits, to be altered where certain requirements were met.

As there was the potential for legislative intervention following industry lobbying efforts that may retrospectively validate certain rule amendments, the Trustees determined that, having consulted with their legal advisors, there was no immediate need for action, but they continued to monitor the situation.

On 5 June 2025, the Government stated that it is aware that following last year's Court of Appeal judgement in Virgin Media Limited v NPL Pension Trustees Limited, there is increased uncertainty in the pensions industry. They stated that they recognised that schemes and sponsoring employers need clarity around scheme liabilities and member benefit levels in order to plan for the future. The Government plan to introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards, which the Trustees plan to consider when the legislation is available.

**Independent Auditor's Statement About Contributions to the Trustees of the Swan Mill Paper Company Limited Retirement Benefits Plan**

We have examined the summary of contributions to the Swan Mill Paper Company Limited Retirement Benefits Plan for the year ended 31 March 2025 which is set out in the Trustees' Report on page 25.

In our opinion contributions for the Plan year ended 31 March 2025 as reported in the summary of contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Plan Actuary on 7 May 2021 and on 23 May 2024.

**Scope of work on Statement about Contributions**

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the Schedules of Contributions. This includes an examination on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the Schedules of Contributions.

**Respective responsibilities of Trustees and the auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 10, the Plan's Trustees are responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Plan by the employer in accordance with the Schedules of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedules of Contributions and to report our opinion to you.

This statement is made solely to the Plan's Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Plan's Trustees those matters we are required to state to the Trustees in an Auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustees, as a body, for our work, for this statement, or for the opinion we have formed.

**Menzies LLP**

Date:

**Chartered Accountants**

**Statutory Auditor**

Victoria House

Victoria Road

Farnborough

Hampshire

GU14 7PG

Swan Mill Paper Company Limited Retirement Benefits Plan

Annual Report for the year ended 31 March 2025

Summary of Contributions

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During the year ended 31 March 2025, the contributions payable to the Plan by the Employer were as follows:

|                                                                                                                                             | 2025<br>Total<br>£      |
|---------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Contributions payable under the Schedules of Contributions:                                                                                 |                         |
| Employer contributions:                                                                                                                     |                         |
| Normal                                                                                                                                      | 1,618                   |
| Deficit funding                                                                                                                             | 1,750,000               |
|                                                                                                                                             | <u>1,751,618</u>        |
| Employee contributions:                                                                                                                     |                         |
| Normal                                                                                                                                      | 785                     |
| Contributions payable under the Schedules of Contributions (as reported on by the Plan Auditor)<br>and reported in the financial statements | <u><u>1,752,403</u></u> |

Approved by the Trustees and signed on their behalf by:

..... Trustee

Date: .....

# Swan Mill Paper Company Limited Retirement Benefits Plan

Annual Report for the year ended 31 March 2025

## Actuarial Certificate

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### Certification of schedule of contributions

#### Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the recovery plan dated May 2024.

#### Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated May 2024.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Plan's liabilities by the purchase of annuities, if the Plan were to be wound up.

**Signature**

*Richard Francis*

**Plan Actuary**

Richard Francis

**Qualification**

Fellow of the Institute and Faculty of Actuaries

**Date of signing**

23 May 2024

**Name of employer**

Mercer Limited

**Address**

Tower Place West  
London  
EC3R 5BU

## Appendix 1: Implementation statement

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The Implementation Statement required by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 is set out on the following 6 pages.

## Swan Mill Paper Company Limited Retirement Benefits Plan Implementation Statement

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statement of Investment Principles (SIP), dated March 2024, have been implemented.

It also includes the Trustees' voting and engagement policies, as well as details of any review of the SIP during the year. A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, is also included within this Statement. This Statement covers the period 1 April 2024 to 31 March 2025.

### Investment objectives of the Plan

In February 2024, the Trustees agreed in principle to de-risk the Plan's investment strategy and adopt a 'buyout ready' investment strategy in anticipation that the Plan will approach the insurer buyout market shortly and implement a full risk transfer of the Plan's liabilities. The revised lower risk portfolio was implemented in April 2024.

The Trustees' investment objectives are as follows:

- To ensure that the assets are of a nature to enable the Trustees to meet the Plan's benefits as they fall due.
- To invest the Plan's assets in an appropriately diverse and liquid range of investments.
- To target a level of hedging of 100% against the interest rate risk and inflation risk associated with the Plan's estimated buyout liabilities.
- To deliver an expected return which is expected to be at least in line with the return required to maintain the Plan's buyout funding position.

The Trustees will also have regard to the Company's views on the potential costs and risks associated with the investment objectives set and their implementation through the practical strategy.

### Review of the SIP

The Trustees most recently reviewed and updated the Plan's SIP after taking formal advice from their investment consultant, Broadstone Corporate Benefits Limited (Broadstone) in March 2024. The updated SIP included details of the revised lower risk strategy which was subsequently implemented in April 2024. This replaced the previous SIP which was dated March 2023.

The Trustees have a policy on financially material considerations relating to ESG issues, including the risk associated with the impact of climate change. In addition, the Trustees have a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out later in this Statement and are detailed in the SIP.

### Review of the Investment Strategy

The most recent review of the Plan's investment strategy was carried out in February 2024, with the objective of reducing investment risk and aligning the strategy for a potential buyout transaction.

The revised strategy was implemented in April 2024. The Plan's resulting target asset allocation is shown in the table below. The Plan's assets continue to be managed by Legal & General (L&G).

### Investment managers and funds in use

In alignment with the Plan's investment objectives and following the review carried out in early 2024, the Trustees agreed the initial strategic asset allocation outlined in the table below.

| Asset Class                                                      | Asset Allocation |
|------------------------------------------------------------------|------------------|
| <b>Corporate bonds (L&amp;G Maturing Buy and Maintain Funds)</b> | <b>32.7%</b>     |
| <b>Liability Driven Investing (LDI) Solution</b>                 | <b>67.3%</b>     |
| L&G single stock fixed interest gilt funds                       | 37.9%            |
| L&G single stock index-linked gilt funds                         | 10.9%            |
| L&G single stock leveraged fixed-interest gilt funds             | 2.6%             |
| L&G single stock leveraged index-linked gilt funds               | 6.8%             |
| Cash – collateral (L&G Sterling Liquidity Fund)                  | 4.7%             |
| Cash – liquidity (L&G Sterling Liquidity Fund)                   | 4.4%             |
| <b>Total</b>                                                     | <b>100.0%</b>    |

### Investment Governance

The Trustees are responsible for making investment decisions and seek advice as appropriate from Broadstone, as the Trustees' investment consultant.

The Trustees do not actively obtain views of the membership of the Plan to help form their policies set out in the SIP as the Plan is comprised of a diverse membership, which the Trustees expect to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

Investment consultant objectives were put in place for Broadstone in August 2023. The Trustees are due to formally review these objectives by August 2026.

The investment arrangements of the Plan are reviewed by the Trustees on a periodic basis, with the assistance of Broadstone.

## Trustees' Policies

The table below sets out the relevant policies in the Plan's SIP and the extent to which these have been followed:

| Requirement                                                    | Policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Implementation of Policy                                      |
|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| <b>Financially and Non-Financially Material Considerations</b> | <p>The Trustees recognise that Environmental, Social and Governance (ESG) issues can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Plan invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets.</p> <p>The Trustees delegate day-to-day decisions, including selection, retention, and realisation of investments to the Investment Manager taking into account all financially material considerations over the appropriate time horizon of the investments. The Trustees have an expectation that the Investment Manager will consider ESG issues in selecting investments, or will otherwise engage with the issuers of the Plan's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.</p> <p>The Trustees do not currently impose any specific restrictions on the Investment Manager with regard to ESG issues, but will review this position from time to time. The Trustees regularly receive information from the Investment Manager on its approach to selecting investments and engaging with issuers with reference to ESG issues.</p> <p>With regards to the specific risk to the performance of the Plan's investments associated with the impact of climate change, the Trustees believe that aligning its investments, where possible, with a carbon transition pathway at least in line with the Paris Agreement is desirable. The Trustees will continue to monitor market developments in this area with their investment adviser.</p> <p>Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustees believe these should not drive investment decisions. The Trustees expect the Investment Manager, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.</p> | No deviation from this policy over the year to 31 March 2025. |
| <b>Voting Rights and Engagement</b>                            | <p>The Plan does not currently invest in equities, and therefore the Trustees acknowledge that where it invests in debt instruments there are no attaching voting rights. Where appropriate, the Trustees' voting and engagement policy is to use their investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustees believe that having this policy, and aiming to improve how companies behave in the medium and long term, are in the members' best interests. The Trustees do review the actions taken by the Investment Manager on their behalf and if there are significant differences from the policy detailed above, they</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | No deviation from this policy over the year to 31 March 2025. |

|                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                               |
|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
|                                                          | will escalate their concerns which could ultimately lead to disinvesting their assets from the manager.                                                                                                                                                                                                                                                                                                                                 |                                                               |
| <b>Capital Structure of Underlying Companies</b>         | Responsibility for monitoring the capital structure of investee companies is delegated to the Investment Manager. The Trustees expect the extent to which the Investment Manager monitors capital structure to be appropriate to the nature of the mandate. The Trustees receive information from the Investment Manager on its approach to selecting investments and engaging with issuers with reference to capital structure issues. | No deviation from this policy over the year to 31 March 2025. |
| <b>Selection of Investments</b>                          | This policy is set out in full on page 5 of the SIP. In summary, the Trustees may select investments from a wide range of asset classes from time to time, including products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the portfolio.                                                                                                                                      | No deviation from this policy over the year to 31 March 2025. |
| <b>Delegation to Investment Managers</b>                 | The Trustees delegate the day-to-day management of the Plan's assets to professional investment managers and are not involved in the buying or selling of investments.                                                                                                                                                                                                                                                                  | No deviation from this policy over the year to 31 March 2025. |
| <b>Setting and Maintaining a Target Asset Allocation</b> | These policies are set out in full on page 6 of the SIP. The Trustees set a Target Asset Allocation from time to time, determined with the intention of meeting their investment objectives. The Trustees monitor the asset allocation on a regular basis and will determine if any rebalancing is required.                                                                                                                            | No deviation from this policy over the year to 31 March 2025. |

### Financially and non-financially material considerations

The Trustees note that the manner by which financially material ESG factors are taken into account in an investment strategy or pooled fund offering will depend on the underlying asset classes within the pooled fund offering and the management style (e.g. active or passive).

The Trustees are satisfied that the funds the Plan currently invests in are managed in accordance with their views on financially material considerations, and in particular with regards to the selection, retention, and realisation of the underlying investments held.

As part of the monitoring process, the Trustees have access to updates on governance and engagement activities from their investment manager, and input from their investment consultant on ESG matters. These views are also taken into account when appointing and reviewing an investment manager.

The Trustees acknowledge that they are delegating the consideration of financially material factors in relation to determining the underlying holdings to their investment manager, given they are investing in pooled funds.

The Trustees invest across a range of asset classes and styles. The Trustees expect the investment manager to take into account ESG considerations by engaging with the underlying companies and where relevant by exercising voting rights on these companies.

A summary of the Trustees' views for each of the Plan's asset classes is outlined below:

| Asset Class | Actively or Passively Managed? | Comments |
|-------------|--------------------------------|----------|
|-------------|--------------------------------|----------|

|                                         |         |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------------------|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Investment Grade Corporate Bonds</b> | Active  | The Trustees expect the Investment Manager to take financially material ESG factors into account, given the active management style of the fund and the ability of the manager to use its discretion to generate higher risk adjusted returns. The Trustees also expect their Investment Manager to engage with investee companies, where possible, although they appreciate that fixed income assets do not typically attract voting rights. |
| <b>Government Bonds and Cash</b>        | Passive | The Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.                                                                                                                                                                                                                                                                    |
| <b>LDI</b>                              | Passive | The underlying assets of the LDI solution consist of fixed interest and index-linked government bond funds, with no underlying investee companies as such. Therefore, the Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.                                                                                              |

### Voting rights and engagement activities

Within the current investment arrangements which were implemented in April 2024, the Plan is not invested in any fund which has underlying investments with attaching voting rights. The Trustees disinvested the Plan's equity holdings in early April 2024 and therefore were subsequently unable to influence corporate behaviour of the funds they invest in through voting activities.

### Engagement activities

A notable engagement activity of the investment manager over the last 12 months is provided below:

L&G met with Qantas four times during 2024, aiming to discuss governance issues highlighted by the controversies regarding over-boarding, succession and remuneration. The discussions helped L&G to gain a closer understanding of stability of the board, the timeframes over which over-boarding of the chair can reasonably be corrected, and the steps taken by the remuneration committee to hold relevant directors and executives accountable for their actions. Regarding issues with the remuneration, L&G feel that the company's new remuneration committee chair has taken sufficient action against the directors responsible for previous misconduct at the company, including a notable and highly publicised clawback of over AU\$9 million from the former CEO. Despite some concerns, L&G considered in light of the steps taken and the explanations received during their engagements with the company, that support for these actions by the remuneration committee was warranted. Since the controversies regarding over-boarding, succession and remuneration, both the Board Chair and the Chair of the Remuneration Committee have been replaced and the board has undergone a degree of refreshment, bringing average tenure down to three years. L&G believe the significant changes to the board and the new steps being taken at Qantas are encouraging. While there are a number of areas that L&G will continue to monitor, they take a positive view of the changes the company has made.

Signatories to the UNPRI (United Nations Principles for Responsible Investment) will receive an overall 'score' which represents how well ESG metrics are incorporated into managers' investment processes. The investment managers will submit a transparency report on their

processes across different categories which is then assessed by the UNPRI and graded in a formal report.

For the 2024 UNPRI Assessment Reports, scores are presented as a 'star' rating ranging from ★ to ★★★★★, with more stars representing a higher score.

The latest available UNPRI score for L&G is recorded in the table below:

| Manager | UNPRI Score |
|---------|-------------|
| L&G     | ★★★★★       |
| Median  | ★★★         |

The Trustees consider the policies on stewardship and engagement when selecting and reviewing an investment manager.

**Monitoring of Investment Arrangements**

The Trustees employ Broadstone to assist them in monitoring the performance of the Plan's investment strategy and Investment Manager.

The investment manager provides the Trustees with monthly reports setting out a valuation of their funds. The Trustees also receive quarterly reports from the Investment Manager and meet with its representatives periodically to review their investment performance and processes.

**Signed:**

**Date:**

**On behalf of the Trustees of the Swan Mill Paper Company Limited Retirement Benefit Plan**