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 2025 to 31 March 2026.

Investment objectives of the Plan

In April 2024, the Trustees implemented a 'buyout ready' investment strategy in anticipation that the Plan will approach the insurer buyout market and implement a full risk transfer of the Plan's liabilities, when the time is right.

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

Over the Scheme year, the Trustees did not make any changes to the Plan's 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 'buyout ready' 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 initial 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
Corporate bonds (L&G Maturing Buy and Maintain Funds)		**32.7%**
Liability Driven Investing (LDI) Solution		**67.3%**
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%	
Total		**100.0%**

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
Financially and Non-Financially Material Considerations	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. 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. 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. 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. 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.	No deviation from this policy over the year to 31 March 2026.
Voting Rights and Engagement	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	No deviation from this policy over the year to 31 March 2026.

	will escalate their concerns which could ultimately lead to disinvesting their assets from the manager.	
Capital Structure of Underlying Companies	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 2026.
Selection of Investments	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 2026.
Delegation to Investment Managers	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 2026.
Setting and Maintaining a Target Asset Allocation	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 2026.

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
Investment Grade Corporate Bonds	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.
Government Bonds and Cash	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.
LDI	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 Microsoft over 2025 regarding their transparency, governance and risk management in relation to its use of AI and human rights. L&G first engaged with Microsoft on AI governance in 2023 following the publication of L&G's 'safe AI' expectations report. Amongst other big tech companies, L&G regards Microsoft as a leader in transparency regarding AI usage over recent years. L&G views the firm's amendments to internal risk classifications for projects and increased human rights due diligence as positive, but believes that Microsoft can further improve its data governance disclosures. In the 2025 AGM, L&G voted in favour of a shareholder proposal requesting a report on AI data usage oversight due to the rapidly changing legal environment around this issue. L&G will continue to engage with Microsoft on this topic into the future.

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 2025 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 frequent statements setting out a valuation of their funds. The Trustees also receive detailed quarterly reports from the Investment Manager and meet with its representatives periodically to review their investment performance and processes.

Signed: DocuSigned by: Graham Rogers 75D6A378BBE5405... **Date:** 26/6/2026

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