

Colthrop Board Mill Pension Scheme (the Scheme)

Statement of Investment Principles

November 2024

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1. Definitions

Scheme	Colthrop Board Mill Pension Scheme
Trustee	The Trustee of the Scheme
Sponsoring Employer	MM Board UK Limited
Investment Adviser	<p>The Trustee is advised on investment matters by First Actuarial LLP.</p> <p>First Actuarial LLP is regulated by the Institute and Faculty of Actuaries and is qualified to provide the required advice through knowledge and practical experience of financial matters relating to pension schemes.</p>
Legislation	<p>This statement has been drafted to comply with relevant legislation.</p> <p>In particular, consideration has been given to:</p> <ul style="list-style-type: none">• Section 35 of the Pensions Act 1995;• the Occupational Pensions (Investment) Regulations 2005;• the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018; and• the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

2. Introduction

This statement is made in accordance with the requirements of legislation. The Trustee has received and considered written investment advice from the Investment Adviser, who they believe to be qualified by their ability and practical experience of financial matters and to have appropriate knowledge of the investment arrangements that the Scheme requires, to help with the preparation of this statement. In preparing this statement, the Trustee has consulted with the Sponsoring Employer.

The Trustee will seek legal advice relating to investment matters whenever deemed necessary.

The Trustee will review this statement at least every three years and without delay after any significant change in circumstances or investment strategy.

The Trustee is satisfied that the Scheme's investment strategy meets its responsibility to invest the assets in the best interests of the members and beneficiaries and, in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries.

The principles set out in this Statement have been agreed by the Trustee:

Signed: J Tomkins Date: 12 November 2024

For and on behalf of the Trustee of the Colthrop Board Mill Pension Scheme.

3. Investment Beliefs

The investment beliefs stated below have been developed by the Trustee and are reflected in the Scheme's investment strategy. The Trustee has taken advice from the Investment Adviser when setting the investment strategy. The Trustee is satisfied that the Scheme's investment strategy meets their fiduciary responsibility to invest the assets in the best interests of the members and beneficiaries of the Scheme and, in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries.

Basic investment principles

The Trustee has wholly invested the Scheme's assets in a buy-in insurance policy provided by Aviva. This policy is intended to remove risks such as interest rate, inflation and longevity risk associated with the Scheme's liabilities by reimbursing the Scheme for benefits paid to members as and when those benefits fall due and in effect cannot be surrendered by either the Trustee or Aviva. The Scheme may also hold cash reserves to support ongoing running expenses.

Financially material considerations and the appropriate time horizon

The Trustee believes that the potential impact of any financially material considerations that may affect the Scheme's investments should be assessed over the period during which benefits are expected to be paid from the Scheme. In the terminology used by legislation, the Trustee considers this period of time to be "the appropriate time horizon of the investments".

Environmental, Social and Governance issues (ESG)

The Scheme's assets are entirely invested in a buy-in insurance policy. With this in mind, the Trustee recognises the ability to influence Aviva's behaviour will be limited. Responsibility for voting and engagement with underlying companies has been delegated to Aviva.

Members' views (non-financial matters)

Legislation defines non-financial matters as meaning the views of the members and beneficiaries including (but not limited to) ESG matters and the present and future quality of life of the members and beneficiaries of the Scheme. The Trustee does not explicitly take into account members' views on non-financial matters.

The Trustee believes that its duty to members and beneficiaries will be best served by ensuring that all benefits can be paid as they fall due. This has been secured as far as possible by the purchase of the buy-in insurance policy.

4. Investment Objectives and Investment Strategy

The Trustee's primary investment objectives are:

- To ensure that members' current and future benefits are paid as and when they fall due.
- To ensure sufficient assets are available to meet the cost of the Scheme's expenses.

In terms of expected returns:

- This is not relevant for the buy-in insurance policy, which provides a stream of cashflows to the Scheme (which the Scheme will then use to pay members' benefits).

The Trustee has taken advice from the Investment Adviser to construct a portfolio of investments consistent with these objectives. In doing so, consideration is given to all matters which are believed to be financially material.

5. Stewardship

The Trustee's policy in relation to the exercise of rights attaching to investments and undertaking engagement activities in respect of investments is that they wish to encourage best practice in terms of stewardship.

However, because the Scheme's assets are invested entirely in a buy-in insurance policy the Trustee recognises the ability to influence Aviva's behaviour will be limited. Responsibility for voting and engagement with underlying companies has been delegated to Aviva. The ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by Aviva's own policies on such matters.

6. Investment Manager Arrangements

Alignment with the Trustee's investment principles

As the Scheme's assets are entirely invested in a buy-in insurance policy, the Trustee recognises there is limited scope to influence the investment decisions of Aviva, however the Trustee remains comfortable that the purchasing of the buy-in insurance policy ultimately aligns with the Scheme's investment objectives.

7. Risks

The principal investment risks identified by the Trustee are listed below together with an explanation of how they are mitigated.

Solvency and employer covenant risk

The risk that the Scheme's assets fall short of the amount required to pay all benefits and expenses as they fall due and that insufficient assets could be recoverable from the Employer to meet the shortfall.

Mitigation

This risk is deemed to be very low since all benefits are already insured under a buy-in policy with additional assets held in cash should this be required.

Interest rate risk and inflation risk

The risk that movements in interest rates/expectations for future inflation will adversely impact the value of the Scheme's investments.

Mitigation

This risk is deemed to be minimal since the liabilities have been fully insured using the buy-in insurance policy.

Liquidity Risk

The risk that assets cannot be realised for cash when required.

Mitigation

The Scheme's need for liquidity is expected to be modest, given that the buy-in insurance policy reimburses the Scheme for benefits paid to members as and when those benefits fall due. In respect of any additional liquidity requirement, the cash held is very liquid meaning that liquidity risk is deemed to be minimal.

Risk of Insurance Provider Default

The risk that the provider of the buy-in insurance policy will default due to insolvency or otherwise be unable to meet benefit payments.

Mitigation

The profile of the insurance provider was reviewed before the insurance policy was purchased. It was noted that the insurance provider retained sufficient reserves in line with industry legislation to be able to meet benefit payments comfortably.