



Aylesford Newsprint Pension Plan

Implementation Report

Plan year-end 23 February 2025

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as Environmental, Social and Governance (ESG) factors become increasingly important to regulators and society. The Department for Work and Pensions (DWP) has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Statement of Investment Principles ('SIP')

Over the reporting period the SIP was updated to reflect the Plan Buy In. The latest version can be found online at the following web address: <https://schemes.vidett.com/aylesford/>

Implementation Report

This implementation report is to provide evidence that The Aylesford Newsprint Pension Plan (the Plan) continues to follow and act on the principles outlined in the SIP.

The Implementation Report details:

- Actions the Plan has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Plan has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 23 February 2025 for and on behalf of the Plan including the most significant votes cast by the Plan or on its behalf

Summary of key actions undertaken over the Plan's reporting year to 23 February 2025

Following a windfall payment of c.£9m from the Sponsor of the Plan, the Trustees agreed to use this to provide additional fixed benefits to the Plan's members. This was facilitated through topping up the Plan's existing Matching Core Fixed LDI Fund and Sterling Liquidity Plus Fund.

Implementation Statement

This report demonstrates that the Plan has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed on behalf of the Trustees of the Aylesford Newsprint Pension Plan

Date 18/09/2025

Managing risks and policy actions

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Plan's assets and present value of liabilities from changes in interest rates and inflation expectations.	To broadly hedge these risks relative to the Plan's funding level.	The Plan has implemented an insurance policy buy-in which covers the Plan's remaining liabilities. There are a small amount of residual assets which are invested in assets which broadly hedge the liabilities.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets.	The Plan's residual assets hold a sufficient allocation to liquid assets.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Plan's remaining assets being held alongside the insurance policy are invested in low-risk assets.
Credit	Default on payments due as part of a financial security contract.	To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Plan for the risk of default.	The Plan retains some exposure to credit indices which are diversified in terms of underlying issuers as well as being investment grade rated.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria:	No actions to report – given the proximity of the Plan's journey plan to buy-out, the Trustees have maintained their current approach to ESG factors.

	performance of the Plan's investments.	<ol style="list-style-type: none"> 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI signatory 6. UK Stewardship Code signatory <p>The Trustees monitor the managers on an ongoing basis.</p>	
Currency	The potential for adverse currency movements to have an impact on the Plan's investments.	Hedge all currency risk on all assets that deliver a return through contractual income.	No actions to report.
Longevity	Members of the Plan living longer than expected, leading to a larger than expected liability.	To hedge this risk through the purchase of buy-in policies.	The liabilities are covered by an insurance policy.
Non-financial	Any factor that is not expected to have a financial impact on the Plan's investments.	Non-financial matters are not taken into account in the selection, retention, or realisation of investments.	No actions to report.

Changes to the SIP

Over the reporting period the SIP was updated to reflect the Plan Buy In.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Plan's policy with regards to ESG as a financially material risk.

The Trustees acknowledge the importance of Environmental, Social and Governance (ESG) factors. As the majority of the assets are invested in the buy-in policy, there is limited scope for the Trustees to incorporate ESG into the Plan's investment strategy.

Engagement

The Plan invests its assets via pooled funds with Legal & General Investment Management (LGIM).

Manager and Fund	Engagement Summary	Commentary
LGIM – Synthetic Leveraged Credit Fund	LGIM were unable to disclose the number of engagements for the reporting period.	LGIM’s Investment Stewardship team are responsible for engagement activities across all funds. LGIM share their finalised ESG scorecards with portfolio companies and the metrics on which they are based.
LGIM – Sterling Liquidity Plus Fund		LGIM noted that enhanced ESG counterparty reporting is a priority for delivery to clients and they are having internal discussions around how best to present this information in a meaningful way. LGIM provided examples of their current thinking around this, detailing the LGIM ESG scores and counterparties highlights.
LGIM -Matching Core Fixed Long		However, LGIM were not able to provide any examples of significant engagements related to the Plan’s funds.
LGIM - Matching Core Real Long		

Voting

The Plan's mandates do not have voting rights attached to their investments. As a result, there is no voting data to report.