Statement of Investment Principles – Flint Ink (UK) Pension Scheme
(January 2024)

Introduction

1 Flint Ink (UK) Pension Scheme (the 'Scheme') is a Registered Pension Scheme for the purposes of the Finance Act 2004. It is a defined benefit (DB) scheme, which historically provided the facility for members to pay Additional Voluntary Contributions (AVCs), although no members are paying AVCs now, they continue to be able to select their preferred AVC fund option.

2 This document is the Statement of Investment Principles (SIP) made by the Trustees in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it). Before finalising this SIP, the Trustees took written advice from the Scheme's Investment Consultant (Towers Watson Limited) and consulted Flint Ink (UK) Limited (the 'Employer'). The ultimate power and responsibility for deciding investment policy, however, lies solely with the Trustees. The Trustees will review this SIP at least every three years and after any significant change in investment policy.

Scheme objectives

3 The Trustees' objective is to achieve a funding level sufficient to remove the large majority of investment risk and to have a low level of dependency on support from the Employer. The following considerations align with the achievement of this objective:

a The acquisition of suitable assets to meet the current and future benefits provided by the Scheme. Specifically, the Trustees have invested in insurance policies which match as far as possible the expected cashflows of the Scheme, with the specific aim of reducing or eliminating the risk that the assets will not meet the liabilities.

b To limit the risk of the remaining assets failing to meet the remaining liabilities, over the short to medium term. by holding suitable gilts to match the likely cost of additional annuities which may need to be secured and holding cash to meet residual liabilities and expenses.

4 The Trustees' policy is to seek to achieve this objective through investing in liability-matching assets. The Trustees consider that the investment strategy detailed in this SIP will ensure that there is a reasonable expectation of meeting its investment objectives and that the assets are appropriately de-risked to avoid large fluctuations in asset values impacting the funding level.

5 For the AVCs, the investment risk is borne by the member. The Trustees' objective is to continue to provide alternative funds, allowing members to decide how to invest within a suitable mixture of real or monetary assets. (Consequently, the Santander Deposit fund and a

wide range of funds with Standard Life have been made available. These include a selection of passively and actively managed investment options that are diverse in asset class, as well as a number of risk graded “lifestyle” funds.)

Investment strategy

6 In practice, the majority of the Scheme’s assets have now been used to invest in annuity policies held with Just Retirement Limited. The remaining assets at the date of this statement have been invested as shown in the table below. The funds selected are all managed by Legal & General Investment Management (LGIM). The allocation is designed to hold sufficient assets in gilts to meet the remaining unsecured pension and deferred pension liabilities; the residual assets are held in a cash type fund to meet expenses and backpayments arising in respect of GMP equalisation. As it is expected that cashflow requirements will be met from the cash type fund, and the cost of annuities for additional pension entitlements arising from GMP equalisation from the gilt fund, the proportions shown below will change over time.

Asset class	Asset Allocation %
UK Index Linked Gilt	30.0
Sterling Liquidity	70.0

7 The Scheme may disinvest from either the UK Index-linked fund or the Sterling fund at any time should there be a need to meet an immediate Scheme cashflow, although in practice it is expected that disinvestments will be from the Sterling fund.

8 The Scheme may also hold assets in cash and other money market instruments from time to time, such as in the Trustees’ bank account, as may be deemed appropriate. The Trustees’ policy is that there will be sufficient investments in liquid or readily realisable assets to meet cashflow requirements in foreseeable circumstances so that the realisation of assets will not disrupt the Scheme's overall investments, where possible. The Trustees, together with the Scheme's administrators, will hold sufficient cash to meet benefit and other payment obligations. Given the majority of the Scheme’s deferred and pensioner liabilities are now covered by insurance policies we expect the cashflows required to meet benefits as they fall due will be covered by income received from these policies. The Trustees may not borrow money in excess of 2% of the value of the Scheme's assets at the relevant time or otherwise leverage the Portfolio.

The allocation shown above has been designed to ensure that the capital value of the Scheme's investments are adequately protected and sufficiently match the expected short-term liabilities to the extent that these are known. The Trustees will continue to review the allocation from time to time depending, amongst other factors, on refinement of the expected cost of the insurance policies required to cover GMP equalisation.

Expected returns on assets

9 Returns achieved by the fund managers for the non-insured assets are assessed against performance benchmarks set by the Trustees in consultation with their advisers and fund managers. The Trustees take advice on the expected returns of the overall portfolio from time to time in conjunction with their considerations of their investment strategy and in relation to their investment objective.

Investment managers

10 In accordance with the Financial Services and Markets Act 2000, the Trustees will set a general investment policy, but will delegate the responsibility for selection of specific investments to an appointed investment manager or managers. The investment manager(s) shall provide the skill and expertise necessary to manage the investments of the Scheme competently. The Trustees are not involved in the investment managers' day-to-day method of operation and do not directly seek to influence attainment of their performance targets. The Trustees will, however, monitor the performance of each manager.

11 The Trustees' policy is that the extent to which social, environmental or ethical considerations (including climate change) are taken into account in these decisions is left to the discretion of its investment managers. The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) to the investment managers. This policy is in place due to the nature of the pooled funds in which the Trustees may invest. Unless otherwise set out in this SIP, other non-financial matters (such as members' views), are not taken into account by the Trustees.

12 The Trustees ensure that, in aggregate, its portfolio is consistent with the policies set out in this Statement, and that the investment objectives and guidelines of any particular pooled vehicle are consistent with its policies. To help maintain alignment, managers are provided with the most recent version of the SIP. Should the Trustees' monitoring process reveal that a manager's portfolio is not aligned with the Trustees' policies, the Trustees will engage with the manager. The Trustees' monitoring process will include specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities, as far as this is relevant for the investment class under consideration. If, following engagement, it is the view of the Trustees that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.

13 For the Scheme's investments in gilts, the Trustees expect the investment managers to invest with a medium to long time horizon, and to use their engagement activity, as far as this is relevant for the investment class, to drive improved performance over these periods. The Trustees appoint its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustees would not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

14 Managers are paid fees according to the value of assets under management under the relevant pooled funds and investment management agreements. The Trustees review the costs incurred in managing the Scheme's assets regularly, and monitors fund performance after taking into account the costs associated with portfolio turnover.

15 LGIM provide detailed information of their charges to the Scheme administrator for the purpose of the annual Trustee Report and Accounts. LGIM provide the Trustees with low cost passive investment management which meets the Trustees' objectives.

16 Investment advice is provided by WTW as part of the annual fixed fee arrangement, with additional advice commissioned as needed and provided by WTW. In the recent past, fees have been less than £20,000 per year. It is anticipated that, given the recent buy-in transaction, these will reduce considerably going forward.

17 The annuity policies with Just Retirement Limited are illiquid assets and consequently the Trustees do not undertake any related active monitoring procedures.

Managing risk

18 The Trustees recognise a number of risks involved with the investments, including:

Risk	How is it monitored?	How is it mitigated?
Deficit	By assessing the progress of the actual growth of the liabilities relative to the selected investment policy	The Scheme has secured the bulk of its liabilities with an insurer. The remaining costs associated with the wind-up of the Scheme are expected to be less than the remaining invested assets of the Scheme. This will be monitored over the period to wind-up.
Liquidity	By the level of cashflow required by the Scheme over a specified period	The majority of the payments to members will be provided by Just Retirement to the Scheme administrator.
Currency	Through the level of exposure to non-Sterling denominated assets	Expected future liabilities are all denominated in sterling and so the Scheme's proposed strategy reflects this.
Interest rate and inflation	By comparing the likely movement in liabilities and assets from movements in inflation and interest rates	The Scheme has secured the majority of its liabilities with an insurer and so the inflation and interest rate risk has been mitigated. The remaining holding in index-linked gilts has been chosen to match pension liabilities which have not yet been secured.
Sponsor	By receiving regular financial updates from the Employer and periodic independent covenant assessments	The Scheme has secured the majority of its liabilities with an insurer and so the reliance on the Sponsor has been reduced.
Counterparty risk	Insurers are assessed prior to the purchasing of an annuity through a financial strength report	The insurer has to comply with stringent regulations and so the probability of insurer failure is very low