SWAN MILL PAPER COMPANY LIMITED RETIREMENT BENEFITS PLAN

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2022

Scheme Registration Number: 101611420

Contents

Trustees, Principal Employer and Advisers

Trustees

Employer-nominated Trustees
Queen Street Trustees Limited - Independent Trustee

Member-nominated Trustees
G Rogers

Principal Employer

Swan Mill (Holdings) Limited

Plan Actuary

Richard Francis, F.I.A.
Mercer Limited

Independent Auditor

Menzies LLP

Administrator

Mercer Limited

Investment Managers

Baillie Gifford Life Limited
PIMCO Europe Limited (removed 21 June 2021)
Legal & General Assurance (Pensions Management) Limited

Investment Adviser

Mercer Investment Consulting 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

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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 2022. 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

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 14 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. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist trustees on this matter which became effective from 6 April 2006 and which was revised and reissued in November 2009. The Trustees have a training plan to enable them to meet these requirements.

Principal Employer

The Plan is provided for all eligible employees of the Principal Employer, and certain participating companies within the Swan Mill Group. The Principal Employer's registered address is Swan Mill (Holdings) Limited, Goldsel Road, Swanley, Kent, BR8 8EU.

Financial development

The financial statements on pages 18 to 30 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 £39,457,523 at 31 March 2021 to £33,804,826 at 31 March 2022.

The decrease shown above comprised net withdrawals from dealings with members of £4,293,345 together with net returns on investments of (£1,359,352).

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 2020. Updated valuations were performed on 31 March 2021 and 31 March 2022. These showed:

	Actuarial Valuation 31 March 2020	Actuarial Update 31 March 2021	Actuarial Update 31 March 2022
The value of Technical Provisions was:	£43.6 million	£40.2 million	£34.3 million
The value of assets was:	£39.5 million	£38.8 million	£33.7 million
Percentage of Technical Provisions	91%	97%	98%

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

Principal actuarial assumptions for valuation as at 31 March 2020	
Discount interest rate:	Pre-retirement: 2.10% p.a. Post-retirement: 1.20% p.a. (non-pensioners) 0.85% p.a. (pensioners)
Future Retail Price inflation:	2.80% p.a.
Future Consumer Price inflation:	2.30% p.a.
Pay increases:	2.80% p.a.
Pension increases in payment:	
Pre 1998 pension:	3.75% p.a.
1998 - 2005 pension:	2.70% p.a.
Post 2005 pension:	2.00% p.a.
Mortality:	S3PMA and S3PFA_M YoB tables with CMI 2019 with a long term trend rate of 1.5% p.a. with the following weightings: Non-retired directors and former directors: Female = 81% / Male = 82% Non-retired other members: Female = 98% / Male = 93% Retired directors and former directors: Female = 81% / Male = 82% Retired other members: Female = 95% / Male = 103%

Report on actuarial liabilities - continued

The derivation of these key assumptions and an explanation of the other assumptions to be used in the calculation of the technical provisions are set out below.

Derivation of actuarial assumptions for valuation as at 31 March 2020	
Discount interest rate:	Pre-retirement: An estimate of the yield available on a notional portfolio of UK Government conventional gilt stocks whose cash flows approximately match the Plan's estimated benefit cashflows plus an additional 1.4% p.a. to reflect the allowance the Trustees have agreed for additional investment returns based on the current investment strategy. Post retirement (non pensioners): An estimate of the yield available on a notional portfolio of UK Government conventional gilt stocks whose cashflows approximately match the Plan's estimated benefit cashflows plus an additional 0.50% p.a. to reflect the allowance the Trustees have agreed for additional investment returns based on the Trustees agreed future investment strategy. Post retirement (pensioners): An estimate of the yield available on a notional portfolio of UK Government conventional gilt stocks whose cashflows approximately match the Plan's estimated benefit cashflows plus an additional 0.15% p.a. to reflect the allowance the Trustees have agreed for additional investment returns based on the Trustees current agreed investment strategy.
Future Retail Price inflation:	The assumption for the rate of increase in the Retail Price Index (RPI) will be taken to be the investment market's expectation for inflation as indicated by the difference between an estimate of the yields available on notional portfolios of conventional and Index-linked UK Government bonds whose cashflows approximately match the Plan's estimated benefit cashflows.
Future Consumer Price inflation:	The assumption for the rate of increase in the Consumer Price Index (CPI) will be derived from the RPI inflation assumption with an appropriate adjustment to recognise the difference between expectations of future RPI increases and future CPI increases. The adjustment will be reviewed at each valuation; at the 31 March 2020 valuation the adjustment was a deduction of 0.5% p.a.
Pay increases:	The assumption for salary increases is determined after consulting the Employer. As at 31 March 2020 the salary increase assumption was set equal to the assumed rate of RPI price inflation. No additional allowance has been made for promotional increases.
Pension increases in payment:	Increases to pensions earned before 5 April 1998 are at a fixed rate of 3.75% p.a. subject to any statutory minimum. Increases to pensions earned after 5 April 1998 but prior to 5 April 2005 increase in line with the Retail Prices Index, capped at 5.0% p.a. In recognition of this cap, this element of pension is assumed to increase in line with the RPI price inflation assumption less a margin. At 31 March 2020 this margin was 0.1% p.a. Increases to pensions earned after 5 April 2005 increase in line with the Retail Prices Index, capped at 2.5% p.a. This element of pension is assumed to increase in line with the inflation assumption described above, with allowance for the cap of 2.5% p.a.

Membership

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

Defined Benefit Section

	Actives	Deferreds	Pensioners	Total
At 1 April 2021	3	62	113	178
Retirements	-	(5)	5	-
Leavers with deferred benefits	(1)	1	-	-
Deaths	-	-	(6)	(6)
Transfers out	-	(2)	-	(2)
Spouses and dependants	-	-	2	2
At 31 March 2022	2	56	114	172

Pensioners include 18 beneficiaries (2021: 19) receiving a pension.

Pensioners include 1 insured pension (2021: 1) held with Legal & General.

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

Pension increases

During the year ended 31 March 2022 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 paid during the year were 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, Mercer 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.

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.

Implementation statement

Annual Engagement Policy Implementation Statement for the Year Ended 31 March 2022

1. Introduction

This statement sets out how, and the extent to which, the Plan's Engagement Policy has been followed during the year running from 1 April 2021 to 31 March 2022 (the "Plan Year"). This statement has been produced in accordance with the Occupational Pension Plans (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

The statement is based on, and should be read in conjunction with, the relevant versions of the SIP that were in place for the Plan Year, which were the SIP dated October 2021.

Sections 2.1 and 2.2 of this statement sets out the investment objectives of the Plan and changes which have been made to the Statement of Investment Principles ("SIP") during the Plan Year, respectively.

A copy of the SIP is available at Employment - Swantex | Swan Mill Group

Sections 3 and 4 include information on the engagement and key voting activities of the underlying investment managers of the Plan, and also sets out how the Plan's engagement and voting policy has been followed during the Plan Year. **The Trustees can confirm that all policies in the SIP on investment rights (including voting) and engagement have been followed during the Plan Year.**

2. Statement of Investment Principles

2.1. Investment Objectives of the Plan

The Trustees believe it is important to consider the policies in place in the context of the objectives they have set.

The objectives for the Plan specified in the SIP are as follows:

- The acquisition of suitable assets of appropriate liquidity that will generate income and capital growth to meet, together with any new contributions from the Company, the cost of current benefits that the Plan provides.
- To limit the risk of the assets failing to meet the liabilities, both over the long-term and on a shorter-term basis.

2.2. Review of the SIP

During the year, the Trustees reviewed and amended the Plan's SIP, taking formal advice from its Investment Consultant (Mercer Limited ("Mercer")). A revised SIP was signed in October 2021, which reflected the changes made to the Matching Asset portfolio to improve both the cashflow generation from the assets and the accuracy of the liability hedge.

In December 2021, the Trustees confirmed compliance with Parts 3 and 7 of the Investment Consultancy and Fiduciary Management Market Order 2019 in line with the requirements and reasonably expect to continue to do so going forward.

3. Examples of Engagement Activity by the Plan's Investment Managers

The following are examples of engagement activity, highlighted by the Plan's equity manager, which were undertaken during the Plan Year.

Shopify Inc.	Cloudflare
Baillie Gifford spoke with Shopify, including Stacey Kauk director of the company's Sustainability Fund, to learn more about the approach to positive climate influence across the ecommerce value chain. Shopify reports its direct emissions and runs both its own and cloud-related activities on 100 per cent renewable power. Just as importantly, it is a direct investor in carbon reduction and removal innovators. This creates a deep knowledge of the offsetting market which it then, in turn, puts at the disposal of Shopify-enabled merchants that wish to offer offsets to their customers. Baillie Gifford also discussed the company's interactions with logistics operators and carriers, where Shopify is exploring ways to accelerate its offer of lower-carbon warehousing and distribution. The company also acknowledged that it may be able to deploy the deep dataset it is gathering on ecommerce purchases to further educate and empower consumers on product carbon footprints. Shopify displays a strong pro-climate narrative in its communications, and we look forward to seeing how this continues to develop into direct action for decarbonisation. The overall engagement result Baillie Gifford decided is to continue to engage with the company going forward.	Baillie Gifford's meeting with co-founder and CEO Matthew Prince provided an opportunity to learn more about Cloudflare's corporate culture. For Prince, culture is essential for long-term growth. In order to build an enduring technology company, he believes Cloudflare's culture must promote relentless curiosity. Additionally, he believes that employees must also be principled, proactive and transparent. For example, Cloudflare has built a substantial public policy team to examine regulatory and/or governance hurdles that it might face in future, despite not having encountered any major issues as yet. With regards to recruitment, Prince and co-founder Michelle Zatlyn still spend a substantial amount of time in final interviews to ensure that all employees feel that senior management is accessible to them, thereby reducing friction to ideas within the company. Baillie Gifford continue to learn about Cloudflare's culture and what it may mean for company behaviour and growth prospects. Baillie Gifford will continue to engage with the company on their corporate governance going forward.

4. Voting Activity and Engagement during the Plan Year

The policy of the Trustees is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Plan's investments to the investment managers. In addition, it is the policy of the Trustees to obtain reporting on voting and engagement and periodically review the reports to ensure the policies are being met.

How has this policy been met over the Plan Year?

During 2022, voting and engagement summary reports from the Plan's investment managers were provided to the Trustees for review to ensure that they were aligned with the Trustees' policy. The Trustees do not use the direct services of a proxy voter.

The Trustees support the aims of the UK Stewardship Code and its investment managers are encouraged to report their adherence to the Code. Both of the Plan's investment managers are signatories to the current UK Stewardship Code.

Set out below is a summary of voting activity for this reporting period and a sample of the most significant votes cast on behalf of the Trustees by the Plan's investment managers.

Sample of the most signficant votes

There is no official definition of what constitutes a significant vote; managers have adopted a variety of interpretations such as:

- There is a particular interest in a specific vote relating to an issue,
- The potential impact on the financial outcome,
- Size of the holding in the fund / mandate, and whether the vote was high-profile or controversial.

✔ Resolution Passed ✘ Resolution not passed

Manager	Fund	Company	Date of vote	How the Manager voted	Rationale of Manager vote	Final outcome following the vote
Baillie Gifford	UK Equity Alpha Fund	BHP GROUP PLC	14/10/2021	Baillie Gifford supported a resolution requesting the company to strengthen its review of industry associations to ensure that it identifies areas of inconsistency with the Paris Agreement. This was in line with management's recommendation.	Climate change is a material consideration for the company and Baillie Gifford believe the board has responsibility for ensuring successful implementation of the climate strategy. This shareholder proposal aligns with the boards views.	✔
Baillie Gifford	Developed Asia Pacific Fund	GALAXY ENTERTAINMENT GROUP LTD	13/05/2021	Baillie Gifford opposed two resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.	Baillie Gifford have opposed similar resolutions in previous years and will continue to advise the company of their concerns. And seek to obtain proposals that they can support.	✔
Baillie Gifford	European Fund	CELLECTIS SA	01/06/2021	Baillie Gifford voted against this pro-forma resolution in line with Management's recommendation. There is a legal obligation under the French Commercial Code for companies to propose retirement-account share purchase plans at a discount for employees. However, this plan is currently not included within the framework of the Company's existing employee stock-based compensation policy.	In line with management's recommendation, Baillie Gifford opposed the resolution seeking authority to issue shares to employees under the company's savings-related share plans. There is a legal obligation under the French Commercial Code for companies to propose retirement-account share purchase plans at a discount for employees. However, this plan is currently not included within the framework of the Company's existing employee stock-based compensation policy, and as such we opposed in line with management.	✘
Baillie Gifford	American Fund	NETFLIX INC.		Baillie Gifford supported a shareholder resolution for a report on political contributions as we believe enhanced disclosure on the company's policies and procedures is in shareholders' best interests.	This proposal passed with more than 80% support. Currently Netflix does not disclose any information regarding its political contributions management or oversight, and it does not disclose information on amounts spent on political contributions or monies given to trade associations, or provide a list of trade associations or other advocacy groups it may support. Baillie Gifford supported given the lack of information and continue to engage on this and other topics with Netflix.	✔

Investment report

Market Background

Equity Markets - At a regional level, European markets returned 6.5% as indicated by the FTSE World Europe ex UK Index. At a country level, UK stocks as measured by the FTSE All Share Index returned 13.0%. The FTSE USA Index returned 19.3% while the FTSE Japan Index returned (2.3%). UK equities caught up considerably with global equities in the first quarter of 2022 due to the Index's large exposure to oil, gas and basic materials.

Bonds - The FTSE Gilts All Stocks Index returned (5.1%), while long dated issues as measured by the corresponding Over 15 Year Index had a return of (7.2%), as yields increased over the year. Over the same period, the FTSE All Stocks Index-Linked Gilts Index returned 5.1%, with the corresponding over 15-year Index exhibiting a return of 3.9%, as short term inflation expectations increased. Corporate debt, as measured by the ICE Bank of America Merrill Lynch Sterling Non-Gilts Index, returned (5.1%).

Note: All performance figures are in Sterling terms over the year to 31 March 2022.

Investment Policies and Objectives

The Trustees' objectives are as follows:

i) To make sure that the Plan can meet its obligations to the beneficiaries of the Plan.

ii) To pay due regard to the Company's interests on the size, stability and incidence of the Company's contribution payments.

iii) To achieve a real return (i.e. in excess of inflation) on investments, expected at least to exceed the Plan Actuary's assumptions over the long term

When designing the investment arrangements, the Trustees consider the requirements of legislation, the funding objectives for the Plan and their views on the covenant of the Sponsor.

Financially and Non-Financially Material Matters in the Selection, Retention and Realisation of Investments, the Exercising of Rights Attached to Investments and Engagement Activities

In establishing the investment arrangements i.e. the selection, retention and realisation of investments, the Trustees consider what they believe to be financially material matters. Trustees and the Managers have agreed, and will maintain, formal Manager Agreements setting out the scope of the Managers' activities, their charging basis and other relevant matters. The Managers are required to exercise their powers with a view to giving effect to the principles contained herein and in accordance with subsection (2) of Section 36 of the Act.

Non financially material considerations (for example, member views on ethical considerations), are not currently taken into account in the selection, retention and realisation of investments. Members have a variety of methods by which they can make views on financial and non-financial matters known to the Trustees. The Trustees will reflect on any views expressed by members, as deemed relevant, in their discussions on the selection, retention and realisation of investments. The Trustees have not set any investment restrictions on the appointed Managers in relation to particular products or activities, but keep this position under review and may re-consider this in the future.

The Trustees believe that ESG factors have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that require explicit consideration.

The Trustees believe that voting rights are an important aspect of shareholder value and wish to exercise the voting rights attaching to the Plan's investments to promote and support good corporate governance principles. The Trustees' policies in relation to the exercise of the rights (including voting rights) attaching to the investments, including undertaking engagement activities are:

The Trustees have given the appointed Managers full discretion in evaluating ESG factors, including climate change considerations, and the exercising of voting rights and stewardship obligations attached to the investments. This will be done in accordance with the Managers' own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustees increasingly consider how ESG, climate change and stewardship is integrated within investment processes when monitoring the Managers, investing in new investment products or appointing new investment managers.

Investment report - continued

The Trustees will also consider the Investment Advisor's assessment of how the Managers embed ESG into their investment processes and how the Managers' responsible investment philosophies align with the Trustees' responsible investment policy. This includes the Managers' policies on voting and engagement. The Trustees will use this assessment to inform decisions around selection, retention and realisation of manager appointments.

The Trustees will review the Managers' ESG policies and engagement activities (where applicable) at least annually.

The Trustees can regularly review the decisions made by the Managers, including voting history (in respect of equities) and engagement activity, and can challenge such decisions to try to ensure the best medium to long-term performance.

Members have a variety of methods by which they can make views on financial and non-financial matters known to the Trustees. The Trustees will reflect on any views expressed by members, as deemed relevant, in their discussions on the selection, retention and realisation of investments.

Investment Manager Appointment, Engagement and Monitoring

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class for which they are selected.

The Trustees will seek guidance from the Investment Advisor, where appropriate, for their forward looking assessment of an active manager's ability to outperform over a full market cycle. This view will be based on the Investment Advisor's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Plan invests in.

For passively managed mandates, or those where outperformance is not the primary goal, the Trustees will seek guidance from the Investment Advisor in relation to their forward looking assessment of the manager's ability to achieve the stated mandate objectives.

The Investment Advisor's manager research ratings assist with due diligence and where available are used to inform decisions around selection, retention and removal of manager appointments. The Trustees will review an appointment if the investment objective for a manager's fund changes to ensure it remains appropriate and consistent with the Trustees' wider investment objectives.

As the Trustees invest in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the Managers, but appropriate mandates can be selected to align with the overall investment strategy.

The Managers are aware that their continued appointment is based on the success in delivering the mandate for which they have been appointed to manage. If the Trustees are dissatisfied, then they will look to review the appointment.

Investment Strategy and Implementation

All investments have been managed during the year under review by the investment managers and there is a degree of delegation in respect of investment decision making.

The investment strategy is agreed by the Trustees after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of the Plan that should be invested in the principal market sectors, the day-to-day management of the Plan's asset portfolio, including full discretion for stock selection, is the responsibility of the investment managers.

Investment report - continued

The Trustees have implemented the following investment strategy with the aim of helping them achieve the investment objectives:

Asset Class	Strategic Allocation		Summary of change
	Start	End	
Growth Portfolio	**9.0**	**9.0**	
Equity – Ballie Gifford	3.0	3.0	
Multi Asset Growth – Ballie Gifford	6.0	6.0	
Matching Portfolio	**91.0**	**91.0**	
LDI – LGIM	45.5	45.5	
UK Corporate Bonds - PIMCO	45.5	--	The Trustees restructured the corporate bond portfolio as part of a wider review of the Plan's Matching Portfolio during the year
Corporate Bonds – LGIM	--	45.5	
Total	**100.0**	**100.0**	

The investment managers and providers are regulated by the relevant regulatory body in their home jurisdiction.

The Trustees regard all the investments of the Plan as readily marketable as detailed below:

- The LDI pooled investment vehicles are weekly priced and traded;
- The diversified growth fund and equity fund is daily priced and traded;

The actual allocations will vary from the strategic allocation above due to market price movements.

The LDI portfolio can use UK government bonds (both levered and unlevered) as well as derivative instruments to hedge 100% of the impact of interest rate and inflation movements on the long-term liabilities.

Asset Allocation

The Trustees invest in pooled investment vehicles, some of which make use of derivatives. The Trustees have authorised the use of derivatives by the investment managers for efficient portfolio management purposes including to reduce certain investment risks such as interest rate risk and inflation risk. The principal investment in derivatives is interest rate and inflation swaps in the matching portfolio.

The following table provides more detail on the distribution of assets for the Plan's assets.

Manager Fund	Actual Asset Allocation				Benchmark Allocation (%)
	Start of year (£m)	End of year (£m)	Start of year (%)	End of year (%)	
Growth	**3.6**	**2.8**	**9.4**	**8.8**	**9.0**
Ballie Gifford -UK Equity Alpha	0.1	0.0	0.2	0.1	3.0
Ballie Gifford -American Equity	0.8	0.5	1.9	1.6	
Ballie Gifford -European Equity	0.2	0.1	0.5	0.4	
Ballie Gifford -Developed Asia Pacific Equity	0.1	0.1	0.3	0.3	
Ballie Gifford -Multi Asset Growth	2.5	2.1	6.5	6.4	6.0
Matching	**34.9**	**29.6**	**90.6**	**91.2**	**91.0**
PIMCO - UK Corporate Bonds	18.4	-	47.7	-	-
LGIM – Corporate Bonds	-	15.4	-	47.7	45.5
LGIM -LDI	16.2	13.2	42.1	40.5	45.5
LGIM - Sterling Liquidity	0.3	1.0	0.8	3.0	-
Total	**38.6**	**32.4**	**100.0**	**100.0**	**100.0**

Source: Investment Managers and Mercer.
Figures may not sum to total due to rounding.
Valuations are based on Bid prices where available otherwise mid/single price values are used.

Investment Performance

Net of Fees

Manager	Asset Class	Last Year		Last 3 years	
		Fund (%)	B'mark (%)	Fund (% p.a.)	B'mark (% p.a.)
Ballie Gifford	**Equity Portfolio**	**(21.5)**	**16.1**	**16.4**	**14.9**
	UK Equity Alpha	(19.4)	13.0	(0.2)	(0.2)
	American Equity	(24.7)	21.2	20.5	18.5
	European Equity	(15.5)	6.3	13.1	9.7
	Developed Asia Pacific Equity	(11.8)	1.9	6.7	6.8
	Multi Asset Growth	1.1	3.7	3.1	3.8
LGIM	Corporate Bonds*	-	-	-	-
LGIM	LDI and Cash	(3.2)	(3.2)	(0.3)	(0.1)
Total**		**(8.7)**	**(0.7)**	**0.4**	**5.5**

Figures shown are based on performance provided by the Investment Managers, Mercer estimates and Refinitiv.
**The Plan invested in these funds over the year. Hence, one year returns are not available as yet.*
*** Total performance figures include all legacy mandates and returns generated by any investment held for less than a year.*

Over the year under review, the Plan underperformed its composite benchmark over the 1 year and 3 year periods by 8.0% and 5.1% respectively, returning -8.7% and 0.4% p.a.

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.

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

Bases of investment managers' 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.

The Trustees' Report was approved by the Trustees and signed on their behalf by:

.... Trustee

.... Trustee

Date: ....

Statement of Trustees' Responsibilities

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 3 and 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 2022 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 2022, 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 14, 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;
  - 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

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/Audi/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 Date:
Chartered Accountants Statutory Auditor
Victoria House
Victoria Road
Farnborough
Hampshire
GU14 7PG

Fund Account

	Note	Defined Benefit Section £	Defined Contribution Section £	2022 Total £	Defined Benefit Section £	Defined Contribution Section £	2021 Total £
Employer contributions		**379,544**	**-**	**379,544**	168,422	-	168,422
Employee contributions		**14,342**	**-**	**14,342**	39,475	-	39,475
Total contributions	4	**393,886**	**-**	**393,886**	207,897	-	207,897
Other income	5	**27**	**-**	**27**	2,588	-	2,588
		393,913	**-**	**393,913**	210,485	-	210,485
Benefits paid or payable	6	**(1,160,166)**	**-**	**(1,160,166)**	(1,098,042)	-	(1,098,042)
Payments to and on account of leavers	7	**(3,522,556)**	**-**	**(3,522,556)**	(405,000)	(10,116)	(415,116)
Bulk transfer out	8	**-**	**-**	**-**	-	(799,475)	(799,475)
Administrative expenses	9	**(558)**	**(3,978)**	**(4,536)**	(1,241)	-	(1,241)
		(4,683,280)	**(3,978)**	**(4,687,258)**	(1,504,283)	(809,591)	(2,313,874)
Net withdrawals from dealings with members		**(4,289,367)**	**(3,978)**	**(4,293,345)**	(1,293,798)	(809,591)	(2,103,389)
Returns on investments							
Investment income	10	**9,182**	**-**	**9,182**	9,182	-	9,182
Change in market value of investments	11	**(1,321,848)**	**-**	**(1,321,848)**	1,029,181	122,715	1,151,896
Investment management expenses	12	**(46,686)**	**-**	**(46,686)**	(24,411)	-	(24,411)
Net returns on investments		**(1,359,352)**	**-**	**(1,359,352)**	1,013,952	122,715	1,136,667
Net decrease in the fund during the year		**(5,648,719)**	**(3,978)**	**(5,652,697)**	(279,846)	(686,876)	(966,722)
Net assets at 1 April		**39,453,545**	**3,978**	**39,457,523**	39,733,391	690,854	40,424,245
Net assets at 31 March		**33,804,826**	**-**	**33,804,826**	39,453,545	3,978	39,457,523

The notes on pages 20 to 30 form part of these financial statements.

Statement of Net Assets available for benefits

	Note	Defined Benefit Section £	Defined Contribution Section £	2022 Total £	Defined Benefit Section £	Defined Contribution Section £	2021 Total £
Investment assets							
Pooled investment vehicles	14	**32,382,116**	**-**	**32,382,116**	38,562,547	-	38,562,547
AVC investments	15	**164,249**	**-**	**164,249**	217,452	-	217,452
Total investments	11	**32,546,365**	**-**	**32,546,365**	38,779,999	-	38,779,999
Current assets	20	**1,295,980**	**-**	**1,295,980**	742,602	3,978	746,580
Current liabilities	21	**(37,519)**	**-**	**(37,519)**	(69,056)	-	(69,056)
Net assets at 31 March		**33,804,826**	**-**	**33,804,826**	39,453,545	3,978	39,457,523

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 for the Defined Benefit Section, is dealt with in the report on actuarial liabilities on pages 3 to 4 of the annual report and these financial statements should be read in conjunction with this report.

The notes on pages 20 to 30 form part of these financial statements.

The financial statements on pages 18 to 30 were approved by the Trustees and signed on their behalf by:

.... Trustee

.... 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 groups of employees of Swan Mill (Holdings) Limited. The address of the Plan's principal office is Goldsel Road, Swanley, Kent, BR8 8EU.

The Plan was a hybrid scheme, comprising a Defined Benefit Section and a Defined Contribution Section. On 20 November 2020 the Defined Contribution Section transferred its assets to the L&G master trust.

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 Schedule 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 Schedule 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 with Baillie Gifford Life Limited and PIMCO Europe Limited is based on the single unit price operating at the year end, as advised by the investment managers.

The market value of pooled investment vehicles with Legal & General Assurance (Pensions Management) Limited 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

	Defined Benefit Section £	**Defined Contribution Section £**	**2022 Total £**	Defined Benefit Section £	Defined Contribution Section £	2021 Total £
Employer contributions:						
Normal	**29,544**	**-**	**29,544**	18,422	-	18,422
Deficit funding	**350,000**	**-**	**350,000**	150,000	-	150,000
	379,544	**-**	**379,544**	168,422	-	168,422
Employee contributions:						
Normal	**14,342**	**-**	**14,342**	39,475	-	39,475
	393,886	**-**	**393,886**	207,897	-	207,897

Deficit funding contributions of £150,000 due in the previous year were incorporated into the new Schedule of Contributions certified on 7 May 2021 deriving from the latest Tri Annual valuation as at 31 March 2020 and paid on 3 June 2021. The £150,000 deficit funding contribution reflected in the year to 31 March 2021 therefore effectively forms part of the first £500,000 deficit contributions due under the Recovery Plan.

In accordance with the Schedule of Contributions certified by the Plan Actuary on 7 May 2021, the Employer shall pay deficit funding contributions of either £700,000, £500,000 or £0 by 30 June each year depending on the funding level of the Plan assessed by the Plan Actuary each 31 March as follows:

Assessment date	Payment of £700,000	Payment of £500,000	No Payment
31 March 2021	Funding level < 92.5%	92.5% < funding level < 103%	Funding level > 103%
31 March 2022	Funding level < 94.0%	94.0% < funding level < 103%	Funding level > 103%
31 March 2023	Funding level < 95.5%	95.5% < funding level < 103%	Funding level > 103%
31 March 2024	Funding level < 97.0%	97.0% < funding level < 103%	Funding level > 103%
31 March 2025	Funding level < 98.5%	98.5% < funding level < 103%	Funding level > 103%
31 December 2025*	Funding level < 99.0%	99.0% < funding level < 103%	Funding level > 103%

*In the final year the assessment would be carried out as at 31 December 2025 with payment due by 31 March 2026.

Also, in accordance with the Schedule of Contributions, the Employer will meet the cost of fees and PPF levies direct.

5. Other income

	Defined Benefit Section £	Defined Contribution Section £	2022 Total £	Defined Benefit Section £	Defined Contribution Section £	2021 Total £
Interest on cash deposits held by the Trustees	**27**	**-**	**27**	2,588	-	2,588

6. Benefits paid or payable

	Defined Benefit Section £	Defined Contribution Section £	2022 Total £	Defined Benefit Section £	Defined Contribution Section £	2021 Total £
Pensions	**1,051,493**	**-**	**1,051,493**	1,023,819	-	1,023,819
Commutation of pensions and lump sum retirement benefits	**108,673**	**-**	**108,673**	54,828	-	54,828
Taxation where lifetime or annual allowance exceeded	**-**	**-**	**-**	19,395	-	19,395
	1,160,166	**-**	**1,160,166**	1,098,042	-	1,098,042

7. Payments to and on account of leavers

	Defined Benefit Section £	Defined Contribution Section £	2022 Total £	Defined Benefit Section £	Defined Contribution Section £	2021 Total £
Individual transfers out to other schemes	**3,522,556**	**-**	**3,522,556**	405,000	10,116	415,116

8. Bulk transfer out

	Defined Benefit Section £	Defined Contribution Section £	2022 Total £	Defined Benefit Section £	Defined Contribution Section £	2021 Total £
Bulk transfer Out	**-**	**-**	**-**	-	799,475	799,475

A bulk transfer of assets held in the Defined Contribution section was paid to the L&G Master Trust on 20 November 2020 to transfer all remaining deferred members in this section at this date to the L&G Master Trust. The transfer was made via a direct transfer of member funds from Standard Life to the L&G Master Trust.

9. Administrative expenses

	Defined Benefit Section £	Defined Contribution Section £	2022 Total £	Defined Benefit Section £	Defined Contribution Section £	2021 Total £
Legal fees	**-**	**3,978**	**3,978**	-	-	-
Bank charges paid	**558**	**-**	**558**	1,241	-	1,241
	558	**3,978**	**4,536**	1,241	-	1,241

In accordance with the Schedules of Contributions in force during the year the Employer meets the cost of fees and PPF levies direct.

10. Investment income

	Defined Benefit Section £	**Defined Contribution Section £**	**2022 Total £**	Defined Benefit Section £	Defined Contribution Section £	2021 Total £
Annuity income	**9,182**	**-**	**9,182**	9,182	-	9,182

11. Reconciliation of investments

Defined Benefit Section

	Market value at 1 April 2021 £	Cost of investments purchased £	Proceeds of sales of investments £	Change in market value £	**Market value at 31 March 2022 £**
Pooled investment vehicles	38,562,547	32,898,295	(37,751,083)	(1,327,643)	**32,382,116**
AVC investments	217,452	-	(58,998)	5,795	**164,249**
	38,779,999	32,898,295	(37,810,081)	(1,321,848)	**32,546,365**

11.1 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.

12. Investment management expenses

	Defined Benefit Section £	**Defined Contribution Section £**	**2022 Total £**	Defined Benefit Section £	Defined Contribution Section £	2021 Total £
Administration, management and custody fees	**46,686**	**-**	**46,686**	24,411	-	24,411

13. 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.

14. Pooled investment vehicles

	Defined Benefit Section £	**Defined Contribution Section £**	**2022 Total £**	Defined Benefit Section £	Defined Contribution Section £	2021 Total £
Corporate Bonds	**15,434,987**	**-**	**15,434,987**	18,385,593	-	18,385,593
Liability Driven Investments	**13,131,687**	**-**	**13,131,687**	16,246,586	-	16,246,586
Multi Asset	**2,076,507**	**-**	**2,076,507**	2,490,393	-	2,490,393
Cash	**976,984**	**-**	**976,984**	307,888	-	307,888
Equities	**761,951**	**-**	**761,951**	1,132,087	-	1,132,087
	32,382,116	**-**	**32,382,116**	38,562,547	-	38,562,547

The Baillie Gifford and 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 PIMCO pooled investments were held under managed fund policies in the name of the Trustees. Income generated by these units is not distributed, but retained within the managed funds and reflected in the market value of the units. PIMCO investments were disinvested on 15 June 2021.

The companies managing the pooled investments are registered in the United Kingdom.

15. 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:

	Defined Benefit Section £	**Defined Contribution Section £**	**2022 Total £**	Defined Benefit Section £	Defined Contribution Section £	2021 Total £
Scottish Friendly Assurance Society Limited	**68,107**	**-**	**68,107**	69,331	-	69,331
Standard Life Assurance Company	**96,142**	**-**	**96,142**	148,121	-	148,121
	164,249	**-**	**164,249**	217,452	-	217,452

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 fall within the above hierarchy as follows:

	2022 Level 1 £	**2022 Level 2 £**	**2022 Level 3 £**	**2022 Total £**
Defined Benefit Section				
Pooled investment vehicles	**-**	**32,382,116**	**-**	**32,382,116**
AVC investments	**-**	**-**	**164,249**	**164,249**
	-	**32,382,116**	**164,249**	**32,546,365**

Analysis for the prior year end is as follows:

	2021 Level 1 £	2021 Level 2 £	2021 Level 3 £	2021 Total £
Defined Benefit Section				
Pooled investment vehicles	-	38,562,547	-	38,562,547
AVC investments	-	-	217,452	217,452
	-	38,562,547	217,452	38,779,999

17. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises the following elements:

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustees determine their investment strategy after taking advice from a professional investment advisor. The Plan has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustees manage investment risks, including credit risk and market risk, within agreed parameters which are set taking into account the Plan's strategic investment objectives.

The assets of the Plan are monitored by the Trustees by regular review of the investment portfolio. As they are not considered significant, the Plan's AVC holdings and Trustee Bank Account balance are not included in these disclosures.

Further information on the Trustees' approach to risk management, credit and market risk is set out below.

(i) Investment Strategy

All investments have been managed during the year under review by the investment managers and there is a degree of delegation in respect of investment decision making.

The investment strategy is agreed by the Trustees after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of the Plan that should be invested in the principal market sectors, the day-to-day management of the Plan's asset portfolio, including full discretion for stock selection, is the responsibility of the investment managers.

The Trustees have set the following Strategic Allocation in respect of the Plan's assets:

Asset Class	Strategic Allocation (%)
Growth Portfolio	**9.0**
Equity	3.0
Multi Asset Growth	6.0
Matching Portfolio	**91.0**
Corporate Bonds	45.5
Liability Driven Investment ("LDI")	45.5
Total	**100.0**

The Trustees set the investment strategy having taking into account considerations such as the strength of the employer covenant, the long-term nature of the liabilities and the funding agreed with the Employer. The investment strategy is set out in its Statement of Investment Principles ("SIP") with details of any changes during the year included in the Trustees' report.

17. Investment risks - continued

(ii) Credit Risk

To gain exposure to certain asset classes in a cost effective way (in both monetary and governance terms), the Plan invests in pooled investment vehicles. Therefore, the Plan is directly exposed to credit risk of these pooled investment vehicles. The value of assets invested in pooled funds and therefore directly exposed to credit risk as a result of this at the year end was £32.4m (2021: £38.6m).

The Plan is subject to indirect credit risk due to bonds, OTC derivatives, repurchase agreements and cash held within pooled investment vehicles. The value of assets exposed indirectly to credit risk as a result of this at the year end was £31.6m (2021: £37.4m). This value includes pooled investment vehicles that have only a partial allocation to these asset classes.

In respect of the Trustees approach to managing credit risk arising from the various asset classes, we note the following positions at the year end:

- The credit risk from Sovereign Government bonds held directly or indirectly is considered to be minimal. These assets are primarily held for risk management purposes.
- The credit risk from corporate (investment grade) bonds held directly or indirectly is mitigated by investing in a diversified mix of (predominantly) investment grade rated bonds. These assets are held for income and return generating as well as risk management purposes, and the expected return from these assets is considered appropriate for the associated risk.
- Pooled liquidity funds will invest with a diversified range of institutions, which are at least investment grade credit rated, to mitigate credit risk.
- A summary of the pooled investment vehicles by type of arrangement is shown below.

Investment Type	2022 (£ms)	2021 (£ms)
Unit Linked Insurance Contracts	29.6	16.6
Open Ended Investment Companies	2.8	22.0
Total	**32.4**	**38.6**

Source: Investment Managers and Mercer.

Figures may not sum to total due to rounding.

Valuations are based on Bid prices where available otherwise mid/single price values are used.

- Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environment in which the pooled fund manager operates and diversification of investments amongst a number of pooled arrangements. The Trustees carry out due diligence checks before appointing new-pooled investment managers.

(iii) Currency risk

The Plan is subject to indirect currency risk because the underlying holdings of the pooled investment vehicles held may be denominated in a non-Sterling currency and are not fully currency hedged by the investment manager. The value of holdings subject to this risk total £2.8m (2021: £3.5m). This value includes pooled investment vehicles that have only a partial exposure to currency risk.

To limit currency risk, Trustees do not have a hedging policy in place. Instead currency risk is managed by investing in a diversified manner across a range of currencies.

The diversified growth holdings, which invest across a range of asset classes and regions, may also expose the Plan to currency risk. The Trustees do not hedge these exposures as any currency decisions are at the discretion of the investment manager.

17. Investment risks - continued

(iv) Interest rate risk

The Plan is subject to interest rate risk via its pooled LDI and corporate bond holdings and from the insurance contracts held.

The Trustees have set a benchmark allocation of 91.0% to LDI and bonds. If interest rates fall, the value of these assets will rise to help match a proportion of the increase in 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. As at year end, the Trustees expect these assets to capture approximately 100.0% (2021: approximately 100.0%) of the change in actuarial liability value due to interest rate movements.

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

(v) Other price risk

Other price risk arises principally in relation to the Plan's growth portfolio assets, which includes equities and the diversified growth mandate.

The Plan has set a target allocation of 9.0% to the growth portfolio. The Plan manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

	2022 (£m)	2021 (£m)
Equity	0.8	1.1
Diversified Growth	2.0	2.5
Total	**2.8**	**3.6**

Source: Investment Managers and Mercer.

Figures may not sum to total due to rounding.

Valuations are based on Bid prices where available otherwise mid/single price values are used.

18. Concentration of investments

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

	2022		2021	
	£	**%**	£	%
Maturing B&M Credit 2030-2034	**8,315,845**	**24.6**	N/A	N/A
Maturing B&M C 2025-2029	**4,767,358**	**14.1**	N/A	N/A
Maturing B&M Credit 2020-2024	**2,351,784**	**7.0**	N/A	N/A
Baillie Gifford - Multi Asset Growth Fund	**2,076,507**	**6.1**	2,490,393	6.3
Legal & General - HB 2055 GILT	**1,948,304**	**5.8**	3,795,863	9.6
Legal & General - 2060 Gilt Fund	**1,908,706**	**5.6**	N/A	N/A
Legal and General - 2049 Gilt Fund	**1,693,566**	**5.0**	N/A	N/A
PIMCO - UK Long Term Corporate Bond Fund	**N/A**	**N/A**	18,385,593	46.6
Legal & General 2047 - Gilt Fund	**N/A**	**N/A**	2,646,581	6.7

19. Employer-related investments

There was no employer-related investment as at 31 March 2022 (31 March 2021: none).

20. Current assets

	Defined Benefit Section £	**Defined Contribution Section £**	**2022 Total £**	Defined Benefit Section £	Defined Contribution Section £	2021 Total £
Contributions due from the employer in respect of:						
- Employer	**1,720**	**-**	**1,720**	151,406	-	151,406
- Employees	**835**	**-**	**835**	3,014	-	3,014
Amounts due between sections	**-**	**-**	**-**	-	3,978	3,978
Cash deposits held with HSBC Bank	**1,293,425**	**-**	**1,293,425**	588,182	-	588,182
	1,295,980	**-**	**1,295,980**	742,602	3,978	746,580

The contributions due as at 31 March 2022 were received after the year end in accordance with the due date set out in the Schedule of Contributions.

21. Current liabilities

	Defined Benefit Section £	**Defined Contribution Section £**	**2022 Total £**	Defined Benefit Section £	Defined Contribution Section £	2021 Total £
Pensions payable	**10,395**	**-**	**10,395**	10,065	-	10,065
Taxation payable	**13,824**	**-**	**13,824**	13,436	-	13,436
Administrative expenses payable	**-**	**-**	**-**	101	-	101
Investment management expenses payable	**13,300**	**-**	**13,300**	6,079	-	6,079
Amounts due between sections	**-**	**-**	**-**	3,978	-	3,978
Transfer Values payable	**-**	**-**	**-**	35,397	-	35,397
	37,519	**-**	**37,519**	69,056	-	69,056

22. Related party transactions

The Principal Employer meets the costs of administering the Plan.

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.

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 2022 which is set out in the Trustees' Report on page 32.

In our opinion contributions for the Plan year ended 31 March 2022 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 24 April 2018 and 7 May 2021.

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 14, 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

Summary of Contributions

During the year ended 31 March 2022, the contributions payable to the Plan by the Employer were as follows:

	Defined Benefit Section £	Defined Contribution Section £	**2022 Total £**
Contributions payable under the Schedules of Contributions:			
Employer contributions:			
Normal	29,544	-	**29,544**
Deficit funding	350,000	-	**350,000**
	379,544	-	**379,544**
Employee contributions:			
Normal	14,342	-	**14,342**
Contributions payable under the Schedules of Contributions (as reported on by the Plan Auditor) and reported in the financial statements	393,886	-	**393,886**

Approved by the Trustees and signed on their behalf by:

.... Trustee

.... Trustee

Date: ....

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 6 May 2021.

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 6 May 2021.

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	7 May 2021
Name of employer	Mercer Limited
Address	One Christchurch Way Woking Surrey GU21 6JG