

Amari Plastics Plc Pension Scheme

Investment Policy Implementation Document – March 2023 (replaces December 2021)

1. Introduction

The Statement of Investment Principles (“SIP”) of the Amari Plastics Plc Pension Scheme (the “Scheme”), dated March 2023 sets out the guiding principles upon which the Scheme’s investment decisions are based. The purpose of this Investment Policy Implementation Document is to provide details of the specific investments in place alongside other information relevant to the management of the investments.

Investment policy can be considered in two parts; (1) the strategic management, the setting of which is one of the fundamental responsibilities of the Trustee Directors (the “Trustees”) and (2) the day-to-day management of the assets, which has been delegated to professional investment managers.

2. Strategic Management

Following on from funding level improvements over 2022 the Trustees agreed an investment strategy in line with the table below.

	Growth assets (%)	Risk reduction assets* (%)	Target interest rate / inflation hedge (%) **
Target	-	100	Minimum of 95

* Includes an allocation to corporate bonds with the balance held in gilts and/or comparable low risk investments.

** Measured on a gilts flat basis.

Actual hedge ratios may vary from target due to market/liability movements and will be reviewed periodically.

3. Day-to-Day Management of the Assets

The Scheme’s assets are split between those relating to the main Scheme and those relating to Additional Voluntary Contributions (“AVCs”).

The Trustees have agreed to delegate the day-to-day management of the main Scheme’s assets to three investment managers:

- Legal & General Investment Management (“LGIM”) – passive gilt fund(s) and cash
- Royal London Asset Management (“RLAM”) – Buy and maintain credit
- Insight Investment Management (“Insight”) – LDI and cash

Investment is via the managers’ pooled funds (including bespoke pooled funds), and is subject to agreements between the managers and the Trustees as well as the governing documents for each fund.

The Trustees have adopted the following target allocation for investment of the Scheme’s assets.

Asset Class	Manager	Current %
Matching Assets		100.0
Buy and Maintain Credit	RLAM	30.0
LDI*	Insight / LGIM	70.0
Total		100.0

* Insight LDI portfolio can include physical gilts, derivatives and cash. There is also exposure to the LGIM All Stocks Index-Linked Gilts fund.

The Trustees will monitor the actual allocation to asset classes/managers on a regular basis and will consider what action to take should the actual allocation deviate significantly from the structure set out above. Individual mandates are detailed below.

LGIM

LGIM manage the All Stocks Index-Linked Gilts fund against the FTSE Actuaries UK Index Linked Gilts All Stocks Index. LGIM are expected to produce returns in line with the relevant benchmark, and expect to be within the target tracking error two years out of three.

LGIM may also hold cash (in LGIM's Sterling Liquidity Fund) on behalf of the Scheme. The Sterling Liquidity Fund (SLF) aims to provide capital protection for investors but with a low level of growth. Capital protection is not guaranteed. The SLF invests in a diversified range of short term money market instruments via government and financial institutions. Its benchmark is the Sterling Overnight Index Average which it aims to exceed over time.

RLAM

RLAM manage a "buy & maintain" fund. They do not manage the fund against a formal market benchmark. The stated aim of the fund is "To provide excess income (relative to equivalent UK Government Bonds) over the life of the Fund" with a spread objective at outset being a yield that is 1.25% in excess of gilts yields subject to market conditions. The Trustees monitor performance against a comparable "market" benchmark such as the iBoxx Sterling Non-Gilt Index and anticipate a return in excess of this over the medium term. The fund is subject to investment guidelines agreed by the Trustees.

Insight

Insight manage a portion of the Scheme's assets in their pooled LDI and cash vehicles. The allocations to these vehicles are determined by Insight in line with guidelines agreed by the Trustees which reference the Scheme's liability profile. Allocations over time are allowed to drift in line with relative market movements but will be reviewed by Insight under certain circumstances, for example a recapitalisation or releveraging event. Outside of these circumstances, Insight do not provide any ongoing monitoring of the Scheme's hedge ratios. The objectives for each Fund are set out in the table below.

Fund	Objective
Enhanced selection longer real	to match the change in value of a reference portfolio of (longer duration) liabilities with respect to changes in interest rates and inflation expectations
Enhanced selection longer nominal	to match the change in value of a reference portfolio of (longer duration) liabilities with respect to changes in

	interest rates
Partially Funded Index-Linked Gilts	to match the change in value of a reference portfolio of (longer duration) liabilities with respect to changes in interest rates and inflation expectations
Liquidity fund plus	to provide stability of capital and income through investment in short term fixed income and variable rate securities.

Within each of the Enhanced Selection Funds Insight retain discretion over the underlying instrument to use to achieve the desired hedging characteristics of the Fund e.g. gilt or swap based derivatives. As such the Trustees will monitor Insight's performance against both a gilt and swap based benchmark.

The Enhanced Selection and Partially Funded Index-Linked Gilts funds employ leverage to achieve the desired level of interest rate / inflation exposures. The governing documents for the Funds describe limits for leverage levels within the Funds and Insight have a policy for action should leverage levels fall outside of certain bands. The Trustees monitor actual leverage levels via the regular reporting they receive and will seek to ensure that the LDI and cash portfolio managed by Insight is resilient to short term yield movements of 3 to 4% directly or through ready access to capital.

Other Assets

The Trustees hold money arising from Additional Voluntary Contributions. The Scheme currently has one AVC provider which is ReAssure Limited.

4. Contribution/Disinvestment Policy

The Scheme is cashflow negative. Disinvestments should be made consistent with the overall strategy and after taking into account income available from the Scheme's investments. Any net positive payments will generally be held in the Insight Liquidity Plus Fund.

5. Advisors

Custodian

The role of a custodian is to ensure the safe keeping of the assets and facilitate all transactions entered into by the appointed investment managers. Where assets are held in pooled arrangements it is the responsibility of the pooled fund manager to appoint a custodian.

Scheme Actuary

The Scheme Actuary performs a valuation of the Scheme at least every three years, in accordance with regulatory requirements. The latest actuarial valuation was performed as at 31 March 2020 by the Scheme Actuary. The main purpose of the actuarial valuation is to assess the extent to which the assets cover the accrued liabilities and agree the employer's contribution rate.

Heather Winrow of Mercer is the appointed Scheme Actuary.

Investment Consultant

Whilst the day-to-day management of the Scheme's assets is delegated to investment managers, all other investment decisions including strategic asset allocation and

selection and monitoring of investment managers is taken by the Trustees after taking advice from the Investment Consultant. Mercer has been appointed for this purpose.

Performance Measurement

Individual fund managers provide information on the performance of the pooled funds or segregated assets in which the Scheme invests. The Trustees also regularly receive a consolidated summary of manager/scheme investment performance from Mercer.

6. Fee Structures

The investment managers levy fees based on a percentage of the value of the assets under management, with the exception of Insight, where the investment manager levies fees based on a percentage of exposure. Details of the fees are set out in the appointment documentation from each manager.

The Scheme Actuary and the investment consultant work on a combination of fixed fee and time cost basis.

.....Roger.Goddard.....Roger.Goddard.....
Name	Signature

For and on behalf of the Trustee of the Amari Plastics Plc Pension Scheme