

# STILL Materials Handling Limited Pension Scheme

**Statement of Investment Principles**

December 2024

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## 1 Introduction

This Statement sets out the principles governing decisions relating to the investment of the assets of the STILL Materials Handling Limited Pension Scheme ('the Scheme').

The Scheme is a defined benefit arrangement set up under trust and registered with HM Revenue and Customs (HMRC). The Scheme is subject to the Statutory Funding Objective (SFO) introduced by the Pensions Act 2004, i.e., that it should have sufficient and appropriate assets to cover its Technical Provisions, as calculated in accordance with the Trustee's Statement of Funding Principles.

This Statement has been prepared in line with the following legislation and regulations:

- Section 35 of the Pensions Act 1995
- Section 244 of the Pensions Act 2004
- The Occupational Pension Scheme (Investment) Regulations 2005
- The Pension Protection Fund (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2018
- The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019

A copy of this Statement will be made available to Scheme members on request to the Trustee and online.

## 2 Investment Decision Making

The investment of the Scheme's assets is the responsibility of the Trustee. The Trustee's investment powers are set out in Rule 16.A of the Scheme's Trust Deed and Rules, as amended, dated 27 January 2000. The powers granted to the Trustee under this Rule are wide and this Statement is consistent with those powers.

The Trustee has obtained and considered professional advice on the content of this Statement from Broadstone Corporate Benefits Limited ('Broadstone'), its appointed investment adviser. Broadstone has confirmed to the Trustee that it has the appropriate knowledge and experience to give the advice required under legislation, and is authorised and regulated by the Financial Conduct Authority (FCA).

The Trustee has also consulted the Sponsoring Employer, STILL Materials Handling Limited, when setting its investment objectives and strategy, and in the preparation of this Statement.

Responsibility for maintaining the Statement and determining the Scheme's investment strategy rests solely with the Trustee. The Trustee will obtain such advice as it considers appropriate and necessary whenever it intends to review or revise this Statement.

## 3 Investment Objectives

In determining its investment objectives and strategy, the Trustee has considered the strength of the Sponsoring Employer's willingness and ability to support the Scheme.

The Trustee and Sponsoring Employer have adopted a funding and investment approach that secures the Scheme's liabilities with an insurer. This approach places very little assumed reliance on the employer covenant. The Trustee has secured the liabilities of the Scheme in full by purchasing a bulk annuity policy with an insurer, and the Trustee is satisfied that the Sponsoring Employer and the Scheme have the resources in place that are expected to be sufficient to meet the additional expenses associated with finalising any future buy-out bulk annuity purchase and wind-up of the Scheme.

The Scheme is subject to the requirements of the SFO however, given the fact that the Trustee has secured the Scheme's liabilities with an insurer, the Trustee has determined that the funding position measured relative to the cost of finalising the purchase of any future buy-out bulk annuity policy is the assessment of Scheme funding that is of most important to the Trustee and members.

The Trustee's investment objectives for the Scheme are therefore to invest sufficient assets in a bulk annuity policy that backs all the liabilities of the Scheme, and enables the Trustee to meet all benefits of the Scheme as they fall due prior to the Scheme being wound-up.

The Trustee will have regard to the Sponsoring Employer's views on the potential costs and risks associated with the investment objective set and its implementation through the practical strategy.

## 4 Setting the Investment Strategy

The Trustee has appointed Canada Life Limited ('Canada Life', the "Insurer"), as the insurer to undertake day-to-day investment management of the Scheme's assets backing defined benefits.

The Trustee's policies in setting the investment strategy are set out below:

Policy	
<b>Selection of Investments</b>	<p>The Trustee may select investments from a wide range of asset classes from time to time. The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level.</p> <p>The Trustee has agreed to:</p> <ul style="list-style-type: none"> <li>• Hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part or all of the future defined benefit liabilities due from it.</li> <li>• Hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme.</li> </ul>
<b>Balance of Investments</b>	<p>The Trustee has set a Target Asset Allocation which consists solely of an insurance policy, with the intention of meeting its investment objectives.</p> <p>The Target Asset Allocation will be reviewed in light of any changes to the Trustee's view of the Sponsoring Employer's covenant, the nature of the Scheme's liabilities or relevant regulations governing pension scheme investment.</p>
<b>Delegation to the Insurer</b>	<p>The Trustee will delegate the day-to-day management of the Scheme's assets to the Insurer and will not be involved in the buying or selling of any underlying investments backing the bulk annuity policy provided by the Insurer.</p>
<b>Employer Related Investments</b>	<p>The Scheme does not directly hold any employer-related investments</p>

Details of the investment strategy are set out in the Appendix to this Statement.

## 5 Realisation and Rebalancing of Assets

The assets of the Scheme are held in a buy-in policy with Canada Life, which covers all benefits payable from the Scheme as they fall due. Cashflows will be provided from the Insurer as they fall due, and the Trustee has no remit to effect the rebalancing of any of Canada Life's underlying assets backing the policy.

## 6 Expected Returns

The Trustee's expected return objective is for the Scheme's buy-in policy asset to move in-line with the underlying liabilities on a solvency funding basis.

## 7 Risks

The Trustee has considered various risks the Scheme faces, including market risk, interest rate risk, inflation risk, default risk, concentration risk, manager risk, and currency risk, and considers that the buy-in policy mitigates these risks, taking account of the strength of the Sponsoring Employer's covenant and the financial strength of the Insurer, along with the regulatory regime it must comply with.

The Trustee will monitor the covenant and funding risks faced by the Scheme with the assistance of its Scheme Actuary at least every three years. The Trustee will consider the appropriateness of implementing additional risk mitigation strategies as part of such reviews.

In addition, the Trustee will review wider operational risks as part of maintaining its risk register.

## 8 Security of Assets

The day-to-day activities that the Insurer carries out for the Trustee are subject to regular internal reviews and external audits by independent auditors to ensure that operating procedures and risk controls remain appropriate.

Safekeeping of the Scheme's assets held with the Insurer is performed by custodians appointed by them.

The Trustee has considered the security of the Scheme's holdings with the Insurer, allowing for its status as a reputable regulated insurance company, subject to solvency capital requirements and insurance oversight arrangements, and considers these protections to be reasonable and appropriate.

## 9 Responsible Investment & Stewardship

The Trustee believes that in order to protect and enhance the value of the investments, during the period over which the benefits are paid, it must act as a responsible asset owner.

The Scheme is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustee therefore does not explicitly seek to reflect any specific views through the implementation of the investment strategy, either financial or non-financial.

Following the purchase of the bulk annuity policy, the Scheme no longer holds any assets for which the Trustee is able to affect their investment in light of Environmental, Social, and Governance ('ESG') considerations. The Trustee expects the Insurer to take financially material ESG factors into account, given the active management style of the Insurer's assets backing their bulk annuity policies. The Trustee also expects the Insurer to engage with investee companies, where possible.

Canada Life's voting policies can be found on their website below:

<https://www.canadalifeassetmanagement.co.uk/responsible-investing/>

## 10 Conflicts of Interest

The Trustee maintains a separate conflicts of interest policy and conflicts register.

Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to the Insurer, whilst also setting out a process for their management.

## **11 Monitoring**

The Trustee will review on a regular basis whether the Insurer has provided payments to the Scheme to fund benefits payable, as due under the terms of the bulk annuity policy.

## **12 Review of Statement**

The Trustee will review this Statement if there is a significant change in the Scheme's investment strategy or a significant change in the regulations that govern pension scheme investment.

James Duggan

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For and on behalf of the Trustee of the STILL Materials Handling Limited Pension Scheme

Date: 10 January 2025

## Appendix A Investment Strategy Implementation Summary

### A.1 Asset Allocation

The Scheme holds a bulk annuity policy with Canada Life that provides cashflows expected to match all future benefit outgo for all of the Scheme's liabilities.

The Scheme holds no invested assets beyond the Canada Life bulk annuity policy.

### A.2 Insurer

The Trustee entered into a contract with Canada Life in October 2024.

Canada Life is supervised by the Prudential Regulation Authority.

### A.3 Target Hedging Ratios and Performance Objectives

There are no explicit Target Hedging Ratios against the interest rate risk and inflation risk associated with the Scheme's liabilities.

The Canada Life buy-in policy has an objective to meet all benefits of the Scheme as they fall due, and therefore provides full protection against any changes in the value of the underlying liabilities as interest rates and/or inflation expectations change.

### A.4 Investment Management Charges

There are no explicit management charges applied within the buy-in policy.

Any fees levied by Canada Life were included within the premium charged at the outset of the purchase of the policy.