

# **Tessengerlo UK Group Pension Scheme**

## **Statement of Investment Principles**

***September 2024***

## Table of Contents

1. Introduction .....	3
2. Statutory Information .....	4
3. Appointments and responsibilities .....	8

# 1. Introduction

---

## Scheme Background

- This Statement of Investment Principles (the “Statement”) details the principles governing investment decisions for the Tessengerlo UK Group Pension Scheme (the “Scheme”).
- The Scheme:
  - operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries;
  - provides benefits calculated on a defined benefit basis;
  - has secured a bulk purchase annuity policy that is expected to provide members’ benefits.
- Gallagher Benefit Services – UK is the investment consultant to the Trustees.

## Statement Structure

This Statement is divided into two main sections as follows:

- **Statutory Section:** This section covers the requirements of and the Scheme’s compliance with the provisions of the Pensions Act 1995 and subsequent legislation, principally the Occupational Pension Schemes (Investment) Regulations 2005 (as amended). This SIP also reflects the requirements and recommendations within The Pensions Regulator’s general code of practice.
- **Appointments and responsibilities Section:** This section includes the key appointments and responsibilities with respect to the investment aspects of the Scheme.

## 2. Statutory Information

---

### Introduction

- This section of the Statement covers the requirements of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 (as amended). In accordance with section 35 of the Pensions Act 1995, the Trustees have reviewed and considered written advice from the investment consultant prior to the preparation of this Statement and have consulted the sponsoring employer.
- The Trustees have full regard to their investment powers under the Trust Deed and Rules and the suitability of the various types of investments, the need to diversify, the custodianship of assets and any self-investment.
- This Statement will be reviewed periodically (at least every three years) or whenever changes to the investment strategy are made. Any changes to this Statement will be undertaken following advice from the investment consultant, as will any change to the investment strategy.
- All of the Scheme's investment decisions are under the control of the Trustees, with no constraint by the sponsoring employer. All investment decisions are taken by the Trustee Board as a whole. The Trustees will examine regularly whether additional investment training is desirable for any individual Trustee.

### Statutory requirements

- This part of the Statement details the Trustees' policy to secure compliance with the requirements of the Pensions Act 1995 as amended by the Occupational Pension Schemes (Investment) Regulations 2005 (as amended).

### Investment objectives and suitability of investments

- The Scheme's investment strategy has been agreed by the Trustees having taken advice from the investment consultant in relation to the suitability of investments and the need to take due account of the Scheme's liabilities.
- The agreed investment strategy involves the pensioner and deferred member liabilities being secured by a bulk purchase annuity policy with Just Retirement. In addition, the Trustees hold cash in a bank account.
- The Trustees' primary objective is to operate an investment strategy that provides appropriate security for all beneficiaries and will allow them to ultimately buy-out the Scheme's liabilities.
- In accordance with the Financial Services & Markets Act 2000, the Trustees are responsible for setting the general investment policy, but the responsibility for all day-to-

day investment management decisions has been delegated to the bulk purchase annuity policy provider authorised under the Act.

## **Risk**

- The Trustees consider the main risk to be that of the assets being insufficient to meet the Scheme's liabilities as they fall due.
- Although the bulk purchase annuity policy removes much of this risk, the Trustees recognise that some risks remain, namely the risk:
  - Of the bulk purchase annuity provider failing to provide the desired benefit payments.
  - The potential for an additional premium to be paid to the bulk purchase annuity provider in the event material changes are required to the data or benefits insured.
- The Trustees assessed the likelihoods of these occurrences as part of selecting the buy-in policy to purchase and the provider to use.

## **Expected return on investments**

- The Trustees do not consider the expected return of the bulk purchase annuity policy, instead holding this purely to meet the liabilities as they fall due. In effect, the Trustees' policy is to pass the risk of poor returns to the buy-in provider.

## **Kind of investments to be held**

- The majority of the Scheme's assets are invested in a bulk purchase annuity policy, with the residual assets held in cash.

## **Realisation of investments**

- The bulk purchase annuity policy is held in the name of the Scheme is an illiquid investment and cannot be surrendered, sold or cashed-in in the future. It is an asset that will be held in perpetuity until the last payment is made or such time as it is converted to individual buy-out policies for insured members (i.e. upon buy-out).
- The residual assets are not expected to take an undue time to liquidate.

## **The Trustees' policy in relation to financially material considerations**

- The Trustees believe that the potential impact of any financially material considerations that may affect the Scheme's investments should be assessed over the period during which benefits are expected to be paid from the Scheme and/or the period over which particular investments are expected to be held. The Trustees considered this as part of the buy-in provider selection.

- The Trustees expect the bulk purchase annuity provider, where appropriate, to have taken account of financially material considerations, including ESG factors as part of the investment analysis and decision-making process. The Trustees have considered the bulk purchase annuity provider's approach to these matters prior to the provider's appointment.
- As the Trustees do not invest directly, the Trustees recognise that to some extent the approach being taken in this area is delegated to the bulk purchase annuity provider, however by considering the provider's approach prior to appointment, the Trustees believe they are able to ensure that it is broadly aligned to their own preferences.

### **Non-financial matters**

- The financial interests of the members is the Trustees' first priority when choosing investments. The Trustees have decided not to take members' preferences into account when considering these objectives

### **Stewardship in relation to the Scheme's assets**

- The Trustees have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees recognise that the existing investment strategy provides only limited potential to influence engagement due to the nature of the assets and time horizon.

### **Engagement and monitoring**

- The Trustees considered the bulk purchase annuity provider's policies in relation to engagement and monitoring as part of the selection process. The Trustees do not anticipate any further involvement with engagement and do not carry out any ongoing monitoring with respect to the bulk purchase annuity provider.

### **Voting rights**

- No voting rights are expected to arise with the Trustees' current investment strategy.

### **Additional voluntary contributions ("AVCs")**

- The Scheme provides AVC funds that enhance individuals' benefits at retirement. The Trustees' objective is to provide vehicles that enable these members to generate suitable long-term returns, consistent with their reasonable expectations.
- The Trustees have provided these members with a range of options to meet their reasonable expectations.

- The appointment of the AVC providers and the choice of AVC funds offered to members will be reviewed by the Trustees in accordance with their responsibilities, based on the result of their monitoring of performance and process.
- The Trustees will measure performance of the AVC providers in the light of its performance relative to the individual benchmarks and objectives for the funds offered and/or to other providers offering similar fund options as measured in industry AVC surveys.

## 3. Appointments and responsibilities

---

This section sets out the key appointments and responsibilities with respect to the investment aspects of the Scheme.

### Appointments & responsibilities

#### Trustees

The Trustees' primary responsibilities regarding investments include:

- Preparation of the Statement and reviewing the content of the Statement and modifying it if deemed appropriate, in consultation with the sponsoring employer and the investment consultant, at least every three years. The Statement will also be reviewed following a significant change to investment strategy.
- Appointing an investment consultant and selecting investments as necessary for the good stewardship of the Scheme's assets.
- Setting objectives for the appointed investment consultants (and reviewing these at least every three years, and following any significant change to investment strategy), and reviewing the investment consultants' performance against these objectives at least annually.
- Reviewing the investment strategy following the results of each triennial actuarial valuation, and/or asset liability modelling exercise, and/or significant changes to the Scheme's liabilities, taking advice from the investment consultant and the Scheme Actuary.
- Monitoring compliance of the investment arrangements with this Statement on a regular basis, anticipated to be annually.
- Monitoring risk.

#### Investment consultant

The main responsibilities of the investment consultant include:

- Obtaining a copy of the Trustees' investment consultant objectives prior to undertaking work to ensure they understand the Trustees' requirements.
- Assisting the Trustees in the preparation and periodic review of this Statement in consultation with the sponsoring employer (not less than every three years).
- Undertaking project work including reviews of the investment strategy.
- Advising the Trustees on the selection of investments.



- Advising upon where any contributions should be invested/divested as and when requested.

### **Bulk purchase annuity provider**

The Bulk Purchase Annuity provider's main responsibilities include:

- Updating Scheme data and benefits as agreed with the Trustees under the terms of the policy.
- Providing monthly payments to the Trustees of specified benefits in respect of insured beneficiaries and dependants covered under the terms of the policy.

### **AVC provider**

The main responsibilities of the provider include:

- Providing the Trustees with quarterly reports and a review of the investment performance of their portfolio.
- Informing the Trustees of any changes advised by the investment managers in relation to the fee structure, internal performance objectives and guidelines of any pooled fund within their portfolio as and when they occur.

### **Administrators**

The Scheme's administration is carried out by Gallagher Benefit Services – UK.

### **Scheme Actuary**

The Scheme Actuary's main responsibilities in respect of investment policy include:

- Commenting on the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme.
- Performing the triennial (or more frequently as required) actuarial valuation and advising on the Scheme's funding level and therefore the appropriate level of contributions in order to aid the Trustees in balancing short/medium and long-term investment objectives.

### **The Trustees of the Tessengerlo UK Group Pension Scheme**

Implemented September 2024