

**Amalgamated Metal Corporation  
Pension Scheme**

**Statement of Investment Principles**

*December 2023*

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# 1. Introduction

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In order to fulfil their obligations under the Pensions Act 1995 and the Pensions Act 2004, as amended by the Occupational Pension Schemes (Investment) Regulations 2005, the Trustees of the Amalgamated Metal Corporation Pension Scheme (the “Scheme”), have prepared this Statement of Investment Principles (“Statement” or “SIP”), in accordance with their powers of investment under Rule 4.05 of the Scheme’s Trust Deed and Rules dated 30 March 2006 (as updated from time to time).

In preparing this Statement, the Trustees have taken appropriate written advice from their investment consultant, Buck (the “Investment Consultant”).

The Trustees have also consulted with Amalgamated Metal Corporation PLC, as the principal company participating in the Scheme (the “Company”), and have provided a copy of this Statement to the managers of the Scheme’s investments (the “Investment Managers”).

A copy of this Statement, as revised from time-to-time, will be provided to the Investment Managers, the Investment Consultant, the Actuary and the Company. A copy of this SIP will be made available to Scheme members on request and published on a publicly available website.

## 2. Statement of Investment Principles

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### 2.1 Statutory Requirements

- This part of the Statement details the Trustees' policy to secure compliance with the requirements of sections 35 and 36 of the Pensions Act 1995 and the Pensions Act 2004 (the "Act") as amended by the Occupational Pension Schemes (Investment) Regulations 2005.

#### 2.1.1 Investment Objectives and Suitability of Investments

- The investment strategy for the Scheme has been agreed by the Trustees, having taken advice from the Investment Consultant, and takes due account of the liability profile of the Scheme, the level of disclosed surplus or deficit and the strength of the sponsor covenant.
- In respect of the additional voluntary contribution ("AVC") arrangements provided to certain members of the Scheme, the Trustees take into account the requirements and recommendations within the Pensions Regulator's code of practice 13: 'Governance and administration of occupational trust-based schemes providing money purchase benefits' and regulatory guidance in so far as they apply to a defined benefit pension scheme where the only defined contribution benefits are AVC arrangements. Information on the Trustees' approach to investment matters within the AVC arrangements is included within this SIP.
- The primary objectives for the Trustees are:
  - to provide appropriate security for all beneficiaries;
  - to achieve long-term growth in the assets, taking into account contributions from the Company, sufficient to provide the benefits from the Scheme, and;
  - to achieve an appropriate balance between risk and return with regards to the cost to the Scheme and the security of the benefits.
- The Trustees have translated their objectives into a suitable strategic asset allocation benchmark for the Scheme. This strategic asset allocation benchmark is reviewed by the Trustees periodically and, in the event that circumstances arise which prejudice the suitability of the benchmark, appropriately revised in consultation with the Investment Consultant. Further details are set out in the Scheme's 'Summary of Investment Arrangements' document ("SIAD"), which is available to Scheme members on request and should be read in conjunction with this Statement.
- 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 Investment Managers authorised under the Act. Details are included in the SIAD.
- The Trustees are responsible for periodically reviewing both the asset allocation and the investment strategy of the Scheme, in consultation with the Investment Consultant.

## **2.1.2 Diversification**

- The Trustees, after seeking appropriate investment advice, have selected a strategic asset allocation benchmark including control ranges for each asset class (see the SIAD).
- Subject to their respective benchmarks and asset allocation guidelines (shown in the SIAD) the investment managers are given full discretion over the choice of stocks and are expected to maintain diversified portfolios.
- The Trustees are satisfied that the investments selected are consistent with their investment objectives, particularly in relation to diversification, risk, expected return and liquidity.
- Given the size and nature of the Scheme, the Trustees have decided to invest on a pooled fund basis; any such investment is affected through a direct agreement with an Investment Manager and/or through an insurance contract.
- The Trustees are satisfied that the range of pooled vehicles in which the Scheme's assets are invested provides adequate diversification.

## **2.1.3 Balance between different kinds of investments**

- The investment managers will hold a mix of investments that correspond to the strategic benchmark. Within each major market each manager will maintain a diversified portfolio of stocks or funds through pooled vehicles.

## **2.1.4 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. The Trustees have assessed the likelihood of future undesirable financial outcomes arising in the future.
- In determining their investment strategy, the Trustees received advice from the Investment Consultant on the downside risks associated with the different asset classes proposed for the Scheme.
- Each fund in which the Scheme invests has a stated performance objective by which investment performance will be measured.

## **2.1.5 Expected return on investments**

- Over the long term, the Trustees expect the return on Scheme assets to be sufficient to meet their objectives.

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

- The Scheme may invest in quoted and unquoted securities of UK and overseas markets including equities, fixed interest and index-linked bonds, cash and pooled investment vehicles considered appropriate for tax-exempt approved occupational pension schemes. The Trustees may also invest in derivatives to meet risk reduction objectives as defined in the 2012 deed of amendment and as advised by the Investment Consultant. The Trustees consider all of the stated classes of investment to be suitable to the circumstances of the Scheme.

## **2.1.7 Financially material considerations**

- The Trustees expect their investment managers, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process.
- The Trustees have reviewed the investment managers' policies in respect of financially material considerations and are satisfied that they are consistent with the above approach.

## **2.1.8 Non-Financial matters**

- The Trustees consider that the financial interests of the Scheme members are their first priority when choosing investments. The Trustees believe that these interests will be best served by investing in companies who follow appropriate ESG policies because, in the absence of such policies, the medium to long term success of such companies may be compromised. The Trustees have decided not to canvas the opinions of members on such matters but will consider representations made to them.

## **2.1.9 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. In exercising this duty, the Trustees monitor the investments through regular assessment of performance supplemented, as appropriate, by engagement and/or voting through their investment managers.

## **2.1.10 Engagement and monitoring**

- The Trustees' policy is to delegate responsibility for engaging and monitoring investee companies to the investment managers and they expect the investment managers to use their discretion to maximise financial returns for members and others over the long term.

### **2.1.11 Voting rights**

- The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustees detailing their voting activity.

### **2.1.12 Realisation of investments**

- In the event of an unexpected need to realise all or part of the assets of the portfolio, the Trustees require the investment managers to be able to realise the Scheme's investments in a reasonable timescale by reference to the market conditions existing at the time the disposal is required, and subject to the best interests of the Scheme. The majority of assets are not expected to take an undue time to liquidate.

## **2.2 Investment Decisions**

- The Trustees have not delegated any decision-making other than delegating the day-to-day management of the investments to the investment managers. They consider that this is appropriate, bearing in mind the size and objectives of the Scheme.
- All investment decisions relating to the Scheme are under the Trustees' control without constraint by the Company. The Trustees are obliged to consult with the Company when making changes to this Statement.
- All day-to-day investment decisions are delegated to properly qualified and authorised fund managers of pension fund portfolios. Investment management agreements have been exchanged with the investment managers and are reviewed from time-to-time to ensure that the manner in which they make investments on the Trustees' behalf is suitable for the Scheme, and appropriately diversified.
- The agreed investment policies for each class of investment have the aim of achieving differing levels of 'real' rates of return (relative to price inflation and net of costs) on the class of assets, not in each year but over time, subject to investment market conditions. Specific investment objectives have been agreed with the investment managers.

## **2.3 General Investment Objectives**

- The objective is that the Scheme should have sufficient and appropriate assets to cover its technical provisions.
- Investment policies are therefore agreed in light of the desire to maintain assets, taking into account contributions from the Company, in excess of the technical provisions of the Scheme over the long term.

## 2.4 Strategic Asset Allocation

- The Trustees seek to achieve the objectives through investing in a suitable mixture of “return-seeking” or “growth” assets, such as equities, and “risk reducing” investments. The Trustees recognise that the return on equities, while expected to be greater over the long-term than those on government or other fixed interest securities, are likely to be more volatile. A mixture across asset classes should nevertheless provide the level of returns required by the Scheme to meet its liabilities at an acceptable level of risk to the Trustees and at an acceptable level of cost to the Company.
- The investment policies of the investment managers are monitored by the Trustees at periodic meetings with the investment managers.
- The Trustees will review the investment strategy regularly and specifically following the results of each actuarial review in consultation with the Investment Consultant and the Actuary.
- For further information regarding the target strategic asset allocation of the Scheme, and future developments, see the Appendix to this Statement.

## 2.5 Investment Manager Monitoring

- The Trustees will assess the performance, processes and cost effectiveness of the investment managers regularly and, in any event, at least annually. These reviews, conducted in consultation with the Investment Consultant, will usually take the form of consideration and discussion of quarterly (or other periodic) performance reports provided by the investment managers but may also include formal meetings with the investment managers if the Trustees consider this appropriate. All investment decisions, and the overall performance of the investment managers, are monitored by the Trustees with the assistance of the Investment Consultant.
- The investment managers will provide the Trustees with quarterly statements of the assets held along with a quarterly report on the results of the past investment strategy. The investment managers will also report orally on request to the Trustees.
- The investment managers will inform the Trustees of any changes in the internal performance objective and guidelines of any pooled funds used by the Scheme as and when they occur.
- Appropriate written advice will be taken from the Investment Consultant before the appointment or removal of the investment managers and before formal performance reviews undertaken as part of the Trustees’ ordinary course investment manager review processes.
- Details on the Scheme’s target strategic asset allocations and the investment managers’ performance objectives are set out in the SIAD.



## 2.6 The Trustees' Policy in Relation to the Investment Managers

In detailing below the policies on the investment manager arrangements, the over-riding approach of the Trustees is to select investment managers that meet the primary objectives of the Trustees. As part of the selection process and the ongoing review of the investment managers, the Trustees consider how well each investment manager meets the Trustees' policies and provides value for money over a suitable timeframe.

- **How the arrangement incentivises the investment managers to align their investment strategy and decisions with the Trustees' policies**

The Trustees have delegated the day-to-day management of the Scheme's assets to investment managers. The Scheme's assets are invested in pooled funds, which have their own policies and objectives and charge a fee, agreed with the investment manager, for their services. Such fees incentivise the investment managers to adhere to their stated policies and objectives.

- **How the arrangement incentivises the investment managers to engage and take into account financial and non-financial matters over the medium to long-term**

The Trustees, in consultation with their investment consultant, appoint their investment managers and choose the specific pooled fund to use in order to meet specific Scheme policies. They expect their investment managers to make decisions based on assessments about the financial performance of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustees invest with investment managers who operate environmental, social and governance policies that the Trustees consider are in line with good practice and appropriately monitored. The Trustees have decided not to canvas the opinion of members on such matters but will consider representations made to them.

- **How the method (and time horizon) of the evaluation of the investment managers' performance and the remuneration for asset management services are in line with the Trustees' investment policies**

The Trustees expect their investment managers to invest the assets within their portfolios in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. The Trustees review the investment managers periodically. These reviews incorporate benchmarking of performance and fees. Reviews of performance focus on longer-term performance (to the extent that is relevant), e.g. looking at five years of performance.

If the Trustees determine that the investment manager is no longer managing the assets in line with the Trustees' policies, they will make their concerns known to the investment manager and may ultimately disinvest.

The Trustees pay their investment managers a management fee, which is a fixed percentage of assets under management. Some investment managers also receive a performance incentive fee.

Prior to agreeing a fee structure, the Trustees, in consultation with their investment consultant, consider the appropriateness of this structure, both in terms of the fee level compared to that of other similar products and in terms of the degree to which it will incentivise the investment manager. In general, the Trustees are wary of investment managers who charge additional performance-based fees.

See the SIAD for details on remuneration of the investment managers.

- **How the Trustees monitor portfolio turnover costs incurred by the investment managers, and how they define and monitor targeted portfolio turnover or turnover range**

The Trustees, in consultation with their investment consultant, have processes in place to review investment turnover costs incurred by the Scheme on an annual basis. The Trustees expect turnover costs of the investment managers to be in line with their peers, taking into account the style adopted by the investment manager, the asset class invested in and prevailing market conditions.

The Trustees do not explicitly monitor turnover, set target turnover or turnover ranges. The Trustees believe that the investment managers should follow their stated approach with a focus on risk and net return, rather than on turnover. Furthermore, the Trustees do not consider turnover to be a determinative factor in the suitability of a particular investment given that the funds in which the Scheme invests are subject to individual, bespoke mandates and there is the potential for markets to change significantly over a short period of time.

- **The duration of arrangements with investment managers**

The Trustees do not in general enter into fixed long-term agreements with their investment managers and instead retain the ability to change investment manager should the performance and processes of the investment manager deviate from the Trustees' policies. However, the Trustees expect their manager appointments to have a relatively long duration, subject to the manager adhering to its stated policies, and the continued positive assessment of its ability to meet its performance objective.

## 2.7 Additional Voluntary Contributions (“AVCs”)

- The Trustees have discretion as to the appropriate investment vehicles made available to members of the Scheme for AVCs. As at the date of this Statement, the Trustees maintain an open AVC arrangement for certain members with Standard Life, closed AVC arrangements for certain members with Utmost Life and Pensions and Prudential and, for certain members who were previously members of the Brookside Pension and Life Assurance Fund, a closed AVC arrangement pursuant to which AVCs are invested in a fund operated by Legal & General (together, the “AVC Arrangements”).

- Consistent with their responsibilities and the guidance referenced in Section 2.1.1 above, the Trustees review the suitability of the AVC Arrangements periodically, taking into account the advice of the Investment Consultant and the Scheme's legal advisers as necessary. Relevant factors that the Trustees consider when deciding on the ongoing suitability of the AVC Arrangements include:
  - the value invested in the relevant AVC Arrangements (including the relative value of such investments when compared to the defined-benefit benefits accruing for the relevant member(s) under the Scheme);
  - the age profile and expected retirement date of the relevant member(s) and whether the AVC Arrangements are invested appropriately from a risk and liquidity perspective given the expected time until realisation of the AVCs;
  - the performance of the funds in which the AVCs are invested over a relevant period;
  - the fees charged by the managers of the AVC Arrangements and any costs associated with the transfer of AVCs from an existing fund or fund manager to an alternative arrangement;
  - the scope and frequency of information available to relevant members regarding the value of their AVCs and how they are invested through the AVC Arrangements; and
  - the Trustees expectations as to how relevant members are likely to use their AVCs when they are able to do so.
- Taking the above factors into account, the Trustees consider the current AVC Arrangements to be a proportionate way of managing the AVCs of relevant members. This assessment is periodically reviewed and relevant members will be contacted if the Trustees consider that a change in the AVC Arrangements is appropriate.

### 3. Myners Principles

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The original Myners review of “Institutional Investing in the UK” was published in March 2001. It included a set of 10 Principles that pension scheme trustees are recommended to use when considering their investment policy for final salary pension schemes and 11 Principles for money purchase schemes. The Government endorsed the report with some minor modifications on 2 October 2001. Pension scheme trustees were asked to comply with the Principles on a voluntary basis. The Myners Principles recommend that certain issues were included in the Statement of Investment Principles (“Statement”).

The Myners Principles was subsequently reviewed in October 2008; the explicit requirement to include certain items in a strengthened Statement was removed and replaced with a requirement for Trustees to act in a transparent and responsible manner. By making the following statements the Trustees believe that they are complying with the spirit of these principles.

#### 3.1 Responsible Ownership

Details of the responsibility for the exercising of rights (including voting rights) attaching to the Scheme’s investments are included in Section 2.1.9 – 2.1.11.

#### 3.2 Transparency & Reporting

The Trustees have discretion over the form of reporting they wish to undertake. This Statement provides the following details of the Trustees’ investment approach:

Who is taking which decisions and why has the structure been selected?

- Details of the Trustees’ decision-making structure are included in Section 2.

The Trustees’ investment objective.

- Details of the Trustees’ investment objective are included in Section 2, with the appointed investment managers’ specific performance objectives outlined in the SIAD.

The Trustees’ asset allocation strategy, including projected investment returns in each asset class, and how the strategy has been selected.

- Details of the Scheme’s target strategic asset allocation, and future developments, are included in the Appendix. The Scheme’s strategic asset allocation benchmark is monitored and updated in consultation with the Investment Consultant and Actuary and reflects consideration of the likely range of returns from each asset class.

The mandates given to all advisers and managers.

- The responsibilities of the Trustees, investment managers and Investment Consultant are outlined in Section 3.3, while the investment managers’ mandates are specified in the SIAD.

The nature of the fee structures in place for all advisers and managers; and why this set of structures has been selected.

- Details of the fees charged by the investment managers and Investment Consultant are included in the SIAD. The Trustees have agreed these fees following consultation with their advisers, where appropriate, and believe they are reasonable for the services they receive.

### **3.3 Appointments & Responsibilities**

#### **3.3.1 Trustees**

The Trustees' primary responsibilities regarding investments include:

- preparation and reviewing the content of the Statement and modifying it if deemed appropriate, in consultation with the Company, Investment Consultant and Actuary, at least every three years or more frequently if there has been a significant change in investment policy;
- appointing investment managers, investment consultants and actuaries as necessary for the good stewardship of the Scheme;
- reviewing the investment strategy following the results of an investment strategy review, and/or asset liability modelling exercise, and/or significant changes to the Scheme's liabilities, in consultation with the Investment Consultant and Actuary;
- assessing the performance and processes of the investment managers by means of regular, but not less than annual, reviews of investment performance and other information, in consultation with the Investment Consultant as described in Section 2.5 above; and
- monitoring compliance of the investment arrangements with this Statement on a regular basis.

#### **3.3.2 Investment Consultant**

The main responsibilities of the Investment Consultant include:

- assisting the Trustees in the preparation and annual review of this Statement in consultation with the Company and the Actuary;
- undertaking project work including reviews of investment strategy, investment performance and manager structure as required by the Trustees;
- advising the Trustees on the selection and review of investment managers;
- providing training or education on any investment related matter as and when the Trustees see fit; and

- monitoring and advising upon where contributions should be invested on a periodic basis.

### **3.3.3 Investment Managers**

The main responsibilities of the investment managers include:

- investing assets in a manner that is consistent with the declared objectives and constraints;
- to ensure that investment of the Scheme's assets is in compliance with prevailing legislation and within the constraints detailed in this Statement;
- providing the Trustees with quarterly reports including a review of the investment performance and any changes to their investment process;
- to attend meetings with the Trustees as and when required;
- to inform the Trustees of any changes in the internal performance objective and guidelines of any pooled fund used by the Scheme as and when they occur; and
- to exercise voting rights on share holdings in accordance with their general policy.

### **3.3.4 Custodian**

The custodianship arrangements are those operated by the investment managers for all clients investing in their pooled funds. The investment managers are expected to provide a statement of the security of the underlying assets annually.

### **3.3.5 Administrators**

The Scheme's administration is carried out by the Company & Broadstone.

### **3.3.6 Actuary**

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

- performing the triennial (or more frequently as required) valuations and advising on the appropriate level of contributions and the Scheme's funding level in order to aid the Trustees in balancing short-term and long-term objectives.
- providing such information as is necessary for the Investment Consultant to be able to advise on the potential risks and returns of alternative investment strategies

### 3.4 Investment Monitoring

The Myners Principles recommend the following actions in respect of investment monitoring:

- each of the funds in which the Scheme invests has a stated performance objective by which the performance is measured;
- the Trustees will review the performance of the investment managers from time-to-time, based on the results of their performance and investment process;
- the investment managers are expected to provide written reports on a quarterly basis and report orally on request to the Trustees; and
- the Trustees receive independent investment performance monitoring reports from the Investment Consultant on a quarterly basis.

The process for monitoring the investment managers is detailed in Section 2.5 and complies with the above recommendations.

## 4. Review of Statement

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This Statement will be reviewed at least once in each three-year period or following any material change in investment policy.

The Trustees will also monitor as appropriate at the formal meetings with the investment managers, Investment Consultant and Actuary that the various reviews mentioned in this Statement are carried out.

### **The Trustees of the Amalgamated Metal Corporation Pension Scheme**

Signed: .....  ..... Date: 7th December 2023 .....

Signed: .....  ..... Date: 7th December 2023 .....

Distribution: Trustees, Company, investment managers, Investment Consultant, Actuary. A copy will be made available to Scheme members on request and published on a publicly available website.



## Appendix – Target Strategic Asset Allocation

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### Target Strategic Asset Allocation

The table below outlines the target strategic asset allocation for the Scheme. This asset allocation reflects the development by the Trustees of the strategic asset allocation benchmark for the Scheme detailed in previous versions of this Statement, which are available to members of the Scheme on request. As at the date of this Statement, the actual asset allocation of the Scheme for each asset class specified below was within the applicable Control Range.

<b>Asset Class</b>	<b>Target Allocation %</b>	<b>Control Range %</b>
Global Equities	10.0	0.0 – 20.0
Floating Rate Credit	35.0	25.0 – 45.0
Fixed Interest Short and Medium Duration Credit	23.0	13.0 – 33.0
Fixed Interest Long Duration Credit	24.0	14.0 – 34.0
Inflation Linked Credit	5.0	0.0 – 10.0
Cash	3.0	1.0 – 5.0
<b>Total</b>	<b>100.0</b>	