Tomkins 2008 Pension Scheme

Investment Policy Implementation Document

September 2023

1. Introduction

1.1 This Investment Policy Implementation Document (the "IPID") has been prepared by the Trustee of the Tomkins 2008 Pension Scheme (the "Scheme"). The IPID sets out the detail of the Scheme's investment arrangements, based on the principles documented in the Statement of Investment Principles (the "Statement") dated September 2023.

1.2 The Trustee has obtained advice from the Scheme's Investment Consultant in preparing this IPID.

1.3 The Scheme is made up of two Sections, each one of which has its own segregated assets but shares a common target investment strategy in relation to those assets. Each of the Sections offers Defined Benefits (DB) to relevant members. Some members of the Main Section receive Defined Contribution (DC) benefits.

DEFINED BENEFITS

2. Managing Strategic Risk

2.1 The Trustee regards the choice of asset allocation and liability hedging policy as the decision which has the most influence on the likelihood that it will achieve its investment objectives. In deciding the asset allocation and liability hedging strategy, the Trustee has taken advice from the Investment Consultant in consultation with the Principal Employer.

The long term strategy that has been adopted is shown below (with further details provided below).

Asset Class	**Target Allocation (%)**
Buy-in policies*	100.0
Total	**100.0**

*Excludes surplus assets invested in the LGIM Sterling Liquidity Fund for the Main Section, and cash held within respective Trustee Bank Accounts.

2.2 The Trustee's objective is to maximise the probability of the Scheme being able to pay accrued benefits as they fall due and to ensure the stability of the Scheme's funding position. This is achieved via the use of buy-in policies transacted with an insurer, Pension Insurance Corporation ("PIC"), and Rothesay.

2.3 The value of the buy-in policies was determined by PIC and was agreed to by the Trustee after taking expert advice in relation to the appointment of PIC.

2.4 Buy-in policies for all remaining outstanding DB benefits were transacted with PIC in November 2022. Approximately £96m and £17m was transferred to PIC in respect of the Main and Ruskin / FormFlo Sections respectively in November 2022. These policies secured the Scheme's remaining DB benefits that were not previously bought-in.

3. Buy-In Policies

3.1 The Trustee has secured a buy-in of the Scheme's pensioner liabilities in the form of a bulk annuity policy with Rothesay Life ("Rothesay"). Approximately £124m was transferred to Rothesay in August 2014 to secure the Scheme's pensioner liabilities at that time (with a balancing payment made in February 2016 mainly to reflect subsequent membership movements).

3.2 In November 2022, the Scheme purchased buy-in policies with PIC. Approximately £113m was transferred to PIC in respect of the Main and Ruskin / FormFlo Sections. These buy-in policies secured the Scheme's remaining DB benefits that were not previously bought-in.

4. Day–to-Day Management of the Assets

4.1 For DB assets that exclude the buy-in policies, the Trustee delegates the day to day management of the assets to its investment manager, Legal and General Investment Management Ltd. ("LGIM"). The Trustee has taken steps to satisfy itself that the manager have the appropriate knowledge and experience for managing the Scheme's investments and that it is carrying out their work competently.

4.2 The Trustee is satisfied that the assets invested in the manager's Sterling Liquidity Fund along with the investment manager's policies on investing in individual securities provides adequate diversification of investments.

4.3 The Trustee regularly reviews the continuing suitability of the Scheme's DB investments, including the appointed manager.

4.4 The investment objective of the Sterling Liquidity Fund is to offer access to liquidity whilst providing capital stability.

4.5 The investment objective of the buy-in policies is to pay members benefits as they fall due.

Custodian

4.6 The role of a custodian is to ensure the safe keeping of the assets and facilitate all transactions entered into by the appointed manager.

4.7 The Trustee is not responsible for the appointment of the custodian of the assets contained within the Sterling Liquidity Fund. The Trustee delegates this responsibility to the investment manager.

5. Cashflow Management and Rebalancing

5.1 Benefit payments are expected to be met by the buy-in policies in place. Additional cash flow requirements such as expenses related to the cost of winding-up the Scheme are expected to be met from residual cash.

6. Investment Manager and Advisor Fees

6.1 Investment management fees are based on a proportion of assets under management in line with the table overleaf:

Manager	Mandate	Fee (p.a.)
LGIM	Sterling Liquidity Fund	0.125% on the first £5m 0.10% on the next £5m 0.075% on the next £20m 0.05% thereafter

6.2 The insurer does not receive on-going remuneration from the Scheme. The premium paid for the annuity policies covers the insurer's implicit fees with the Trustee's choice of insurer taking the size of the premium into account. The Trustee is satisfied that this is the most appropriate basis for remunerating the insurer.

6.3 Fees payable to the investment consultant are agreed by the Trustee in advance and are based on the time cost of the activity undertaken.

7. Additional Voluntary Contributions ("AVCs")

7.1 Under the terms of the Trust Deed, the Trustee is responsible for the investment of AVCs paid by members. The Trustee takes advice as to the providers' continued suitability.

7.2 The Trustee holds assets invested separately from the main fund securing additional benefits on a money purchase basis for those members electing to pay AVCs. The following providers are appointed for the various Sections of the Scheme:

Section	Unit-linked AVC Provider
Main	Royal London
Ruskin/FormFlo	Royal London

7.3 In addition, there are Scheme members with AVCs invested in With Profits funds with Aviva and Standard Life.

7.4 The Trustee reviews its policy regarding the investment of AVCs at regular intervals.

7.5 In April 2018, the Department for Work and Pensions ("DWP") amended the Occupational Pension Schemes (Charges and Governance) Regulations 2015, effective from 6 April 2018. In particular, the DWP's guidance in association with new regulations clarified the government's policy in relation to default investment arrangements in the receiving scheme when a member with self-select funds is mapped into new funds, which most closely reflect their original choice. This applies when mapping member savings between arrangements but also to in-scheme changes.

7.6 For the purposes of consolidation of assets, unit linked AVC assets held with Aviva and Standard Life were mapped across to Royal London (the incumbent manager of the assets in respect of the Pegler Defined Contribution section of the Scheme). Namely, the assets were mapped across to the Royal London Managed Pension Fund and RLP/BlackRock Aquila Global Equity Index (50:50) Fund. As this transfer mapped member's assets across to new funds without members' consent, these funds have become additional default options.

7.7 Following the changes to Equitable Life, members' AVC Assets held with Equitable Life are now invested with Royal London, namely the Royal London Managed Pension Fund and the RLP Deposit Fund. As this transfer mapped member's assets across to new funds without members' consent, these funds have become additional default options.

7.8 The risks of investing in the additional default options may include but are not limited to those laid out in the Statement of Investment Principles.

7.9 Fund details and the fund objectives for the additional defaults created are listed in the table below. The Total Expense Ratios provided are as at March 2023 and are equal to the Annual Management Charge of the funds.

Fund	Investment Style	Benchmark	Fund Objective	Total Expense Ratio (p.a.)
RLP Managed	Active	27.5% FTSE All Share Index	To maximise ‘real returns’ over a ten year period	0.52%
		27.5% FTSE All World (ex UK) Index		
		15% ABI UK - UK Direct Property Sector Average		
		5% Bloomberg Commodity Index		
		2.5% BofA Merrill Lynch Global Non-Financial High Yield Constrained Index		
		5% various Markit iBoxx Sterling Non Gilts Indices		
		5% various FTSE A (Index Linked) British Government Gilts indices		
		5% various FTSE A British Government Gilt indices		
		7.5% LIBID GBP 7 Days Index		
RLP Deposit	Active	LIBID 7 Days Index	To outperform its benchmark	0.52%
RLP/BlackRock Aquila Global Equity Index (50:50)	Passive	50% FTSE All Share Index	To track its benchmark	0.52%
		16.5% FTSE AW Europe ex UK Index		
		16.5% FTSE USA Index		
		8.5% FTSE AW Developed Asia Pacific ex Japan Index		
		8.5% FTSE Japan index		

DEFINED CONTRIBUTION

8. Asset Structure

8.1 The Trustee makes available a number of investment options to members of the Main Section who have entitlements to defined contribution (DC) benefits. Members have the choice over which of these investment options their funds are invested in.

8.2 The Main Section's DC assets are invested in a "bundled" arrangement with Royal London. Under this arrangement, Royal London are responsible for the administration of the DC benefits as well as the investment of the assets either directly or via "guest" funds managed by other investment managers.

9. Investment Options

9.1 There are a number of funds available on the Royal London platform, with the funds used in the lifestyle arrangements set out in the table below:

Fund	Manager	Investment Style		Type of Investment the Fund holds		
		Active	Passive	Equities	Bonds	Cash
Deposit	Royal London	✓				✓
Index-Linked	Royal London	✓			✓	
Global Equity Index (50:50)	BlackRock		✓	✓		

9.2 Members may choose to invest their assets in any combination of the funds available. In addition, members may opt to invest their assets in a lifestyle investment strategy.

Lifestyle - DC Only Members

For members who have not accrued DB benefits in the Main Section, the lifestyle strategy automatically moves members' assets from the BlackRock Global Equity Fund to the Royal London Index-Linked and Deposit accounts over the ten years to retirement as set out in the table below (where values represent the percentage of assets). Following the increase in flexibility over the form of the benefits that members can take from 6 April 2015 announced in the 2014 Budget, it is intended to change the lifestyle strategy to be in line with the strategy for members with DB Benefits (refined for members already in the switching period).

	10 yrs +	9	8	7	6	5	4	3	2	1	Retirement
Equities	100	90	80	70	60	50	40	30	20	10	0
Bonds	0	7.5	15	22.5	30	37.5	45	52.5	60	67.5	75
Cash	0	2.5	5	7.5	10	12.5	15	17.5	20	22.5	25
	100	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Lifestyle - DC Members with DB Benefits

9.3 For members who have accrued DB benefits in the Main Section, the lifestyle strategy automatically moves their assets from the BlackRock Global Equity Fund to the Royal London Deposit Account over the ten years to retirement as set out in the table below (where values represent the percentage of assets).

	10 yrs +	9	8	7	6	5	4	3	2	1	Retirement
Equities	100	90	80	70	60	50	40	30	20	10	0
Cash	0	10	20	30	40	50	60	70	80	90	100
	100	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Default Funds

9.4 For those members who do not make a choice of investment funds, their assets will be invested in the relevant lifestyle strategy depending on whether a member has any DB benefits.

10. Fund Benchmarks

10.1 The benchmarks against which the performance of the investment options are measured are set out in the table below:

Manager	Fund	Benchmark
BlackRock	Global Equity Index (50:50)	50% FTSE All Share Index
		16.7% FTSE AW Europe ex UK Index
		16.7% FTSE USA Index
		8.3% FTSE AW Developed Asia Pacific ex Japan Index
		8.3% FTSE Japan index
Royal London	Deposit	SONIA
	Index-Linked	FTSE Actuaries UK Index-Linked All Stocks

10.2 The Trustee is not responsible for the appointment of the custodian of the assets contained within the various pooled funds. This is the responsibility of the investment managers.

11. Rebalancing

11.1 The investment manager are responsible for rebalancing the underlying funds back to their benchmark allocations from time to time.

Signed: Christopher Clayton

Date: 19 September 2023