



# James P. Corry Holdings Limited Superannuation Scheme

Statement of Investment Principles

*May 2023*

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# 1. Introduction

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 for the James P. Corry Holdings Limited Superannuation Scheme ('the Scheme'). It describes the investment policy being pursued by the Trustees of the Scheme and is in accordance with the Government's voluntary code of conduct for Institutional Investment in the UK ("the Myners Principles"). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005, and is available to members on request.

The Scheme Actuary is Mark Poyner of XPS Pensions Limited and the Investment Adviser is XPS Investment Limited (collectively termed 'the Advisers').

The Trustees confirm that, before preparing this SIP, they have consulted with Saint-Gobain Limited ('the Employer') and the Advisers and have obtained and considered written advice. The Trustees believe the Advisers to be qualified by their ability and practical experience of financial matters and to have appropriate knowledge of the investment arrangements that the Scheme requires.

The Trustees are responsible for the investment of the Scheme's assets and the administration of the Scheme.

The Trustees have purchased an insurance policy in the form of a bulk annuity (otherwise referred to as the "buy-in policy") which secures the benefits of all Scheme members with Legal & General Insurance Society ("LGAS"). The surplus assets – assets not used to purchase the buy-in policy – are invested separately.

This SIP reflects the current strategy and the Appendices detail the current investments which are intended to implement the strategy. The SIP will be updated to reflect any changes in strategy as soon after implementation as is practical.

## 1.1 Declaration

The Trustees confirm that this Statement of Investment Principles reflects the Investment Strategy they have decided to implement. The Trustees acknowledge that it is their responsibility, with guidance from the Advisers, to ensure the assets of the Scheme are invested in accordance with these Principles.

Signed .....  ..... Date ..... 16/5/2023 .....  
Name ..... DEAN TILLINGHAST .....  
.....

**For and on behalf of the Trustees of the Scheme**

## 2. Scheme Governance

The Trustees are responsible for the governance and investment of the Scheme's assets, with their investment powers set out in the Scheme's latest Definitive Trust Deed and Rules. The Trustees consider that the governance structure set out in this SIP is appropriate for the Scheme as it allows the Trustees to make the important decisions on investment policy. Day to day decisions are taken by the managers of the pooled funds and decisions about changes to the pooled funds are taken after considering written advice from the Investment Advisers. The responsibilities of each of the parties involved in the Scheme's governance are detailed in Appendix A.

## 3. Investment Objectives

The Trustees' main objectives are:

1. To seek to ensure the obligations to the beneficiaries of the Scheme can be met when due from the assets of the Scheme; and
2. To pay due regard to the Employer's requirements with regards to the size and incidence of its contribution payments.

## 4. Asset Allocation Strategy

The vast majority of the Scheme's assets have been used to purchase a buy-in policy. The Trustees have no direct influence on the range of assets which support the payments due under the policy.

Due to the size of the Scheme, the Trustees have decided to use pooled funds to invest the Scheme's surplus assets. Changes to the pooled funds or the allocation between pooled funds will be made after obtaining written advice from the Investment Advisers. Appendix B will be promptly amended to reflect any such changes.

Based on the structure set out in Appendix B, the Trustees consider the arrangements with the Investment Manager to be aligned with the Scheme's overall strategic objectives. Details of each specific mandate are set out in agreements and pooled fund documentation with the Investment Manager. The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Manager's tactical asset allocation preferences at any time, within any scope given to them through guidelines set by the Trustees or governing the pooled funds in which the Scheme is invested.

The Trustees will ensure that the Scheme's assets, excluding the buy-in policy, are predominantly invested in regulated markets to maximise their security.

The Investment Manager is incentivised to perform in line with expectations for its specific mandate as their continued involvement as Investment Manager as part of the Scheme's investment strategy – and hence the fees they receive – are dependent upon them doing so. They are therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustees' expectations, including the selection / deselection criteria set out in Section 6.

The Trustees encourage the Investment Manager to make decisions in the long-term interests of the Scheme. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights. This expectation is based on the belief that such engagement can be expected to help the Investment Manager to mitigate risk and improve long term returns.

### 4.1 Rates of Return

The target benchmarks for the pooled funds are detailed in Appendix B.

### 4.2 Diversification

The Trustees recognise that diversification is no longer a significant factor within the investment strategy following the purchase of the buy-in policy. The Trustees will monitor the strategy regularly to ensure that they are comfortable with the level of diversification taking into account the limited need for diversification under current circumstances.

### 4.3 Suitability

The Trustees have taken advice from the Investment Advisers to ensure that the investments are suitable for the Scheme, given the investment objectives. The Trustees have also obtained advice from the Advisers as to the appropriateness of the investment strategy given the funding position and the strength of the employer covenant.

The benefits of Scheme members are secured by the buy-in policy. Therefore the requirement of the Scheme's surplus assets to meet other requirements has also been considered to ensure that they are invested in such a way that they are easily marketable and realisable if and when required.

#### **4.4 Liquidity**

All of the invested (i.e. non-cash) assets are held in pooled funds with frequent dealing dates.

## 5. Strategy Implementation

The Trustees have decided to implement their investment strategy through investment in pooled funds.

### 5.1 Mandate and Performance Objectives

The Trustees have received advice on the appropriateness and suitability of each pooled fund that the Scheme is invested in from the Advisers and believe them to be suitable to meet the Scheme's investment objectives. The benchmark for each fund currently held and its objectives are set out in Appendix B.

### 5.2 Manager Agreement

The Trustees have an agreement with the Investment Manager governing the management of the assets within a set of guidelines.

### 5.3 Custody

Custody of the underlying assets is at the discretion of the pooled funds, whilst shares and/or units in the funds are held in book form only. Cash is held securely in separate accounts with approved counterparties.

## 6. Monitoring

### 6.1 Pooled funds

The Trustees will monitor the performance of the funds against their stated performance objectives.

Appointments of investment managers are expected to be long-term, but the Trustees will review the appointment of investment managers in accordance with their responsibilities. Such reviews will include analysis of each manager's performance and processes and an assessment of the diversification of the assets held by the manager. The review will include consideration of the continued appropriateness of the mandate given to the manager within the framework of the Trustees' investment policies.

Any significant changes relating to the criteria below that the Investment Adviser is aware of will be highlighted, which may lead to a change in the Investment Adviser's rating for a particular mandate. These ratings help to determine a manager's ongoing role in implementing the investment strategy. If there are concerns, the Trustees may carry out a more in-depth review of a particular manager.

Fund manager remuneration is considered as part of the manager selection process. It is also monitored regularly with the help of the Investment Adviser to ensure it is in line with the Trustees' policies and with fee levels deemed by the Investment Adviser to be appropriate for the particular asset class and fund type.

If the Trustees are not satisfied with the performance of the funds they will ask the manager of those funds what steps they intend to take to rectify the situation. If the funds still do not meet the Trustees' requirements, they will look to purchase other funds - potentially with a different manager - after consultation with the Investment Adviser.

The criteria by which the Trustees will select (or deselect) investment managers include:

- Parent - Ownership of the business;
- People - Leadership/team managing the strategy and client service;
- Product - Key features of the investment and the role it performs in a portfolio;
- Process - Philosophy and approach to selecting underlying investments including operational risk management and systems;
- Positioning - Current and historical asset allocation of the fund;
- Performance - Past performance and track record;
- Pricing - The underlying cost structure of the strategy;
- Environmental, Social and Governance ("ESG") - Consistency and extent to which ESG analysis is incorporated into the process of selecting underlying investments.

### 6.2 Advisers

The Trustees will monitor the advice given by the Advisers on a regular basis.

### 6.3 Other

The Trustees are required to review this SIP on a triennial basis, or, without undue delay, following any changes to the investment strategy.

## 7. Fees

### 7.1 Funds

The Trustees will ensure that the fees charged by funds and their expense ratios are consistent with levels typically available in the industry for similar funds. The current fee basis for each of the pooled funds is set out in Appendix B.

The Trustees require the Investment Manager to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

Information about the Investment Manager's fees, commissions and other transaction costs is available in the annual report of the pooled funds in accordance with the Financial Conduct Authority ('FCA') Disclosure Code.

### 7.2 Advisers

Fees paid to the Advisers are based either on actual time spent and hourly rates for relevant individuals, or on fixed fees agreed in advance for specifically defined projects.

### 7.3 Custodian

There is no custodian appointed directly by the Trustees.

### 7.4 Trustees

None of the Trustees are paid directly for their duties. Their expenses are met and they are given time off from their other employment duties to attend the periodic Trustees' meetings.

## 8. Risks

The Trustees recognise a number of risks involved in the investment of assets of the Scheme:

- i. The risk of failing to meet the objectives as set out in Section 3 – the Trustees have agreed an investment strategy which they consider, after consulting with the Advisers, has a reasonable expectation of meeting the investment objectives.
- ii. The risk of adverse consequences arising through a mismatch between the Scheme's assets and its liabilities (for example, this can happen through both changes in long-term interest rates and changes in long-term inflation expectations). This is minimised through the purchase of the buy-in policy which secures members' benefits.
- iii. Risk of lack of diversification of investments – addressed through investing in pooled funds with diversification requirements and through the asset allocation policy.
- iv. Risk of holding assets that cannot be easily sold should the need arise – addressed through the use of pooled funds with frequent dealing dates.
- v. Underperformance risk – addressed through monitoring closely the performance of each fund and taking necessary action when this is not satisfactory and by investing in passively managed funds except to the extent the Trustees reasonably consider active management can add value above the extra fees.
- vi. Organisational risk – addressed through regular monitoring of the Investment Manager and the Advisers. The Trustees have also received advice in respect of the suitability of LGAS as bulk annuity provider.
- vii. Sponsor risk – the risk of the Employer ceasing to exist, which for reasons of prudence, the Trustees have taken into account when setting the investment strategy.
- viii. Credit risk – addressed by investing in pooled funds with a diversified portfolio of different credits and investing predominantly in government bonds which are deemed to have minimal credit risk.
- ix. Custody risk – this is managed by the investment managers of the pooled funds.

The Trustees will keep these risks under regular review.

## 9. Other Issues

### 9.1 Statutory Funding Requirement

The Trustees will obtain and consider proper advice on the question of whether the investments are satisfactory having regard to both the investment objectives and the requirement to meet statutory funding requirements. The funding position is reviewed periodically by the Scheme Actuary, with a full actuarial valuation every three years.

The Trustees will consider with the Advisers whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding requirement.

### 9.2 Environmental, Social and Governance factors

The Trustees have considered their approach to ESG factors and believes there can be financially material risks relating to them. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Investment Manager. The Trustees require the Investment Manager to take ESG and climate change risks into consideration within its decision-making, recognising that how it does this will be dependent on factors including the characteristics of the asset classes in which it invests.

The Trustees acknowledge that they have no influence over the ESG policies of LGAS as the bulk annuity provider.

The Trustees will seek advice from the Investment Adviser on the extent to which its views on ESG and climate change risks may be taken into account in any future investment manager selection exercises. Furthermore, the Trustees, with the assistance of the Investment Adviser, will monitor the processes and operational behaviour of the Investment Manager from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this Statement.

As the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. The Trustees have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Manager and encourages it to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments. The Trustees require the Investment Manager to report on significant votes made on behalf of the Trustees. Under the current investment strategy, the Scheme investments in fixed income instruments which do not carry voting rights.

If the Trustees become aware of the Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectation then the Trustees may consider terminating the relationship with the Investment Manager.

When considering the selection, retention or realisation of investments, the Trustees have a fiduciary responsibility to act in the best interests of the beneficiaries of the Scheme, although they have neither sought, nor taken into account, the beneficiaries' views on matters including (but not limited to) ethical issues and social and environmental impact. The Trustees will review this policy if any beneficiary views are raised in future.

# Appendix A - Responsibilities

## Trustees

The Trustees of the Scheme are responsible for, amongst other things:

- i. Determining the investment objectives of the Scheme and reviewing these from time to time.
- ii. Agreeing an investment strategy designed to meet the investment objectives of the Scheme.
- iii. Reviewing triennially the content of this SIP and modifying it if deemed appropriate, in consultation with the Advisers.
- iv. Reviewing the suitability of the investment policy following the results of each actuarial or investment review, in consultation with the Advisers.
- v. Assessing the quality of the performance and process of the pooled funds by means of regular reviews of the investment results and other information, by way of meetings and written reports, in consultation with the Advisers.
- vi. Selecting pooled funds which are consistent with the investment strategy after consultation with the Advisers.
- vii. Assessing the ongoing effectiveness of the Advisers.
- viii. Consulting with the Employer when reviewing the SIP.
- ix. Monitoring compliance of the investment arrangements with this SIP on an ongoing basis.
- x. Informing the Advisers of any changes to Scheme benefits, significant changes in membership.

## Bulk Annuity Provider

The Bulk Annuity Provider is responsible for making payments to the Scheme such that benefits of the Scheme members can be paid in full as and when they fall due. In doing so, the Bulk Annuity Provider sets its own investment strategy.

## Investment Manager

The Investment Manager will be responsible for, amongst other things, providing reports to the Trustees on performance and allocations.

## Investment Adviser

The Investment Adviser will be responsible for, amongst other things:

- i. Participating with the Trustees in reviews of this SIP.
- ii. Advising the Trustees how any changes within the Scheme's benefits, membership and funding position may affect the manner in which the assets should be invested.
- iii. Advising the Trustees of any changes in the funds that could affect the interests of the Scheme.
- iv. Undertaking reviews of the Scheme's investment arrangements including reviews of the asset allocation policy and current pooled funds, and advising on the selection of new funds if so requested.

## Scheme Actuary

The Scheme Actuary will be responsible for, amongst other things:

- i. Liaising with the Investment Adviser on the suitability of the Scheme's investment strategy.
- ii. Performing the triennial (or more frequently as required) valuations and advising on the appropriate contribution levels.
- iii. Commenting on the appropriateness of the investment strategy relative to the liabilities of the Scheme at the triennial valuations.
- iv. Advising the Trustees of any changes to contribution levels and funding level.

## Appendix B - Pooled funds

The Trustees have appointed one Investment Manager: Legal & General Assurance (Pensions Management) Limited ('LGIM'), to manage the assets of the Scheme.

The current investment strategy is to invest:

- A proportion of surplus assets in the LGIM All Stocks Gilts Index Fund. The amount retained in this fund following the purchase of the buy-in policy was equal to the expected cost of completing GMP equalisation and investing the funds in this way was expected to provide broad exposure to changes in interest rates that could impact the value of affected benefits.
- The remainder of surplus assets in the LGIM Sterling Liquidity Fund. These assets are held to cover ongoing expenses before wind up with minimal investment risk and high liquidity.

There is no rebalancing in place between the pooled funds.

The benchmarks for the funds are as follows:

Fund	Benchmark
LGIM All Stocks Gilts Index	FTSE A UK Conventional Gilts All Stocks Index
LGIM Sterling Liquidity Fund	Sterling Overnight Index Average (SONIA)

## Fees

The investment management fees paid to the Investment Manager are as follows:

Fund	Annual Management Charge (% pa)
LGIM All Stocks Gilts Index	0.10
LGIM Sterling Liquidity Fund	0.125