

## **Sato UK Security Plan**

### **Statement of Investment Principles**

This Statement of Investment Principles (“the Statement”) has been prepared by the Trustees of the Sato UK Security Plan (“the Scheme”) in accordance with Section 35 of the Pensions Act 1995, as amended by the Occupational Pension Schemes (Investment) Regulations 2005, the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and any subsequent additional requirements.

This document outlines the principles governing the investment policy of the Scheme and the activities undertaken by the Trustees to ensure the effective implementation of these principles. This Statement also details the Trustees’ compliance with the Myners Code of Best Practice (see Appendix A).

#### **Advice and Consultation**

In preparing this statement the Trustees have:

- obtained written advice from their investment advisers, Gemmell Financial Services Limited (“Verulam Gemmells”), who are properly appointed and authorised to give investment advice;
- consulted Sato UK Ltd (the “Employer”) and the Scheme Actuary; and
- obtained written advice from Purbeck Covenant Services Limited on the Financial Strength of Aviva Life & Pensions UK Limited

However, all investment decisions are the responsibility of the Trustees.

#### **Objectives**

The Trustees’ primary objective is to ensure that the Scheme has sufficient assets to pay all members’ benefits as they arise.

#### **Investment Principles**

Sato Holdings Corporation has agreed to inject over £17 million into the Scheme which has allowed the Trustees to complete a buy-in of liabilities with Aviva Life & Pensions UK Limited (“Aviva”). This means that, going forward, the Scheme’s investments will just consist of a Bulk Purchase Annuity (“BPA”) policy and cash to cover the expenses of winding up and the costs of GMP equalisation and other final matters. The Trustees will review the BPA policy and other scheme matters, on a regular basis (at least annually), in order to consider whether the strategy remains appropriate.

#### **Types of Investments to be Held**

The Trustees will restrict the investments to be held to a Bulk Purchase Annuity and cash deposits with appropriately authorised institutions.

In the Trustees view, investing in a Bulk Purchase Annuity is in the best interests of the majority of Scheme members, with the Trustees being aware that, unlike listed equities, the contract is not readily realisable.

The Trustees will not make any employer-related investments.

### **Implementation**

Following discussions with Sato UK Ltd (“the Employer”), the Trustees have agreed to sell all investments currently held with Legal & General Investment Management (“LGIM”) and use the proceeds, together with the additional cash injection from Sato Holdings Corporation, to enter into a Bulk Purchase Annuity contract with Aviva.

Aviva is a leading UK life insurer and is properly regulated by the Prudential Regulatory Authority (“PRA”).

Members’ Additional Voluntary Contributions (AVCs) are invested partly with Utmost (previously Equitable Life) and partly in a segregated cash account with LGIM. In addition, the Trustees hold a bank account with Metro Bank.

### **Social, Environmental and Ethical Considerations**

In endeavouring to invest for the best financial interests of the beneficiaries, the Trustees have elected to undertake a Bulk Purchase Annuity with Aviva with a view to securing members benefits prior to a full Buy-Out. The Trustees are aware of the financially material risks that might affect the Scheme in respect of social, environmental and ethical factors but have not adopted a formal and specific policy given the primary investment held is a Bulk Purchased Annuity.

### **Governance Considerations and Voting Policy**

The primary investment held is a Bulk Purchase Annuity i.e. an insurance contract which, in normal circumstances, does not entitle the Trustees to voting rights. Where the Trustees are specifically invited to vote on a matter relating to the policy or contract, the Trustees will exercise their right in the best interests of the majority of the Scheme’s membership.

### **Monitoring portfolio and turnover and costs**

The primary investment is a Bulk Purchase Annuity which means the Trustees will not be subject to portfolio turnover costs apart from for the cost of setting up of the policy. This cost has been considered by the Trustees as worthwhile for the security that the contract provides to members.

**Code of Best Practice**

The Trustees are aware of the recommendations from the Myners report with regard to greater transparency within this Statement. The Trustees have considered these recommendations when formulating their investment policy and have included them within this Statement, to the extent that they view them to be appropriate. The Trustees intend to regularly review their compliance with the recommendations.

The six principles are detailed in Appendix A.

**Review**

The Trustees will review their investment strategy regularly and at least every three years as part of the triennial valuation. Before any significant changes are made, the Trustees will obtain written advice from their advisers and consult with both the Scheme Actuary and the Employer. Any changes will be documented in an updated version of this statement.

This statement takes effect from January 2021 and supersedes all earlier statements.

Signed: .....

T Brown (Trustee)