Mettler Toledo Pension Scheme

Statement of Investment Principles for the Defined Benefit Section

November 2024

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1 Introduction

This Statement sets out the principles governing decisions relating to the investment of the assets of the Mettler Toledo Pension Scheme (the Scheme).

The Scheme is a defined benefit arrangement set up under trust and registered with HM Revenue and Customs (HMRC). The Scheme is subject to the Statutory Funding Objective (SFO) introduced by the Pensions Act 2004, i.e. that it should have sufficient and appropriate assets to cover its Technical Provisions, as calculated in accordance with the Trustees' Statement of Funding Principles.

This Statement has been prepared in line with the following legislation and regulations:

- Section 35 of the Pensions Act 1995.
- Section 244 of the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005.
- The PPF (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
- The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

A copy of this Statement will be made available to Scheme members on request to the Trustees.

2 Investment Decision Making

The investment of the Scheme's assets is the responsibility of the Trustee. The Trustee's investment powers are set out in Clause 7 of the Scheme's Definitive Deed, dated 26/04/1991, as amended. The powers granted to the Trustee under this Clause are wide and this Statement is consistent with those powers.

The Trustee has obtained and considered professional advice on the content of this Statement from Broadstone Corporate Benefits Limited ('Broadstone'), their appointed investment adviser. Broadstone is authorised and regulated by Institute and Faculty of Actuaries. Broadstone have confirmed to the Trustee that it has the appropriate knowledge and experience to give the advice required under legislation. Broadstone is remunerated a fee for its advice and its appointment is reviewed from time to time by the Trustee.

The Trustee has also consulted the Principal Employer, Mettler Toledo Limited, when setting its investment objectives and strategy, and in the preparation of this Statement.

Responsibility for maintaining the Statement and determining the Scheme's investment strategy rests solely with the Trustee. The Trustee will obtain such advice as they consider appropriate and necessary whenever they intend to review or revise this Statement.

3 Investment Objectives

In determining their investment objectives and strategy, the Trustee considers the strength and ability of the Employer to support the Scheme. They have determined that it is reasonable to take a long-term view in determining their investment objectives and strategy.

The Trustee's investment objectives are as follows:

- To ensure that the assets are of a nature to enable the Trustee to meet the Scheme's benefits as they fall due.
- To invest the Scheme's assets in an appropriately diverse and liquid range of investments.
- To invest in a way that is consistent with the Scheme's funding objectives, i.e. to invest so that the investment return assumptions used to determine the Trustee's funding plan have a reasonable chance of being achieved in practice.
- To target a level of hedging of 100% against the interest rate risk and inflation risk associated with the Scheme's total liabilities on a solvency basis (or asset value where the Scheme is in surplus).
- To invest the Scheme's assets in funds that produce cashflows that reasonably match the benefit outgo requirements of the Scheme

Where future opportunities arise the Trustee will consider steps to further reduce the volatility of the Scheme's funding position relative to its liabilities calculated under the solvency basis.

The Trustee will have regard to the Employer's views on the potential costs and risks associated with the investment objectives set and their implementation through the practical strategy.

4 Setting the Investment Strategy

The Trustee has appointed BlackRock ('the Investment Manager') to undertake the day-to-day investment management of the Scheme's assets backing defined
benefits. Details of the investment strategy are set out in Appendix A to this Statement.

The Trustee's policies in setting the investment strategy are set out below:

Policy	
Selection of Investments	The Trustee may select investments from a wide range of asset classes from time to time, including, but not restricted to UK equities, overseas equities, government bonds, corporate bonds, commercial property and alternative asset classes, such as hedge funds, private equity and infrastructure. The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level. The Trustee may also: • Invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the scheme's investments. • Hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part or all of the future liabilities due from it. • Hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the scheme.
Target Asset Allocation	The Trustee will set a Target Asset Allocation from time to time, determined with the intention of meeting their investment objectives. The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustee's view of the Employer's covenant, the Scheme's funding position, the nature of the Scheme's liabilities or relevant regulations governing pension scheme investment. The Trustee has agreed the range of funds to be used in the investment strategy, taking into account the maturity of the Scheme's liabilities, and to ensure the range is sufficiently robust to allow easy adjustment between the funds as the Trustee's risk appetite changes and the Scheme matures.
Delegation to Investment Manager	The Trustee will delegate the day-to-day management of the Scheme's assets to professional investment managers and will not be involved in the buying or selling of investments.
Maintaining the Target Asset Allocation and Target Hedging Ratios	The Trustee has responsibility for maintaining the overall balance of the asset allocation relative to the Target Asset Allocation and Target Hedging Ratios. The Trustee monitors the asset allocation on a regular basis with the assistance of their adviser, Broadstone, and will consider switching assets between funds should the allocation move significantly away from the Target Asset Allocation or Target Hedging Ratios. Maintaining the Target Hedge Ratios will take precedence over maintaining the Target Asset Allocation.
Employer Related Investments	The Trustee's policy is not to hold any employer related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005.

The Trustee has decided to invest in pooled funds because:

- the Scheme is not large enough to justify direct investment in equities or bonds on a cost-effective basis;
- pooled funds allow the Scheme to invest in a wider range of assets which serves to reduce risk; and
- pooled funds provide a more liquid form of investment than certain types of direct investment.

5 Realisation and Rebalancing of Assets

The assets are held in a combination of pooled funds and are fully and readily realisable.

The investments are expected to generate cashflows to meet the regular benefit outgo requirements of the Scheme in the immediate term, and the Trustee will review the Scheme's cashflow requirements as and when appropriate.

The Trustee makes disinvestments from the Investment Manager with the assistance of their administrators and advisors, Broadstone, as necessary, to meet the Scheme's cashflow requirements.

6 Expected Returns

The Trustee's objective is for the Scheme's assets to produce a return in excess of the growth in the value of its solvency liabilities. The Trustee expects the assets to produce a return in excess of the long-term growth in the value of the solvency liabilities.

Over the long-term, the Trustee's expectations are to achieve the following rates of return from the asset classes it makes use of:

Asset Class	Expected Returns
Corporate bonds	To achieve a long-term return in excess of the yield available on a comparable portfolio of UK gilts to compensate for the additional risk associated with investing in a diversified portfolio of corporate bonds.
Government bonds	To achieve a long-term return in line with the yield available on a comparable portfolio of UK gilts or index-linked gilts.
Cash	To achieve a return broadly in line with the rates of interest available on short-term money market instruments.

The overall asset class strategy has an allocation of 53% to investment grade corporate bonds, 45% to gilts and 2% to cash. Corporate bonds are assumed to deliver a return in line with gilt yields plus 1.2% per annum. The ratio of the types of assets allocated in the current strategy would imply a best estimate expected return of approximately 0.5% per annum above the return on gilts. This best estimate expected return should allow the assets to grow quicker than the solvency liabilities over time.

7 Risks

The Trustee has considered various risks the Scheme faces, including market risk, interest rate risk, inflation risk, default risk, concentration risk, manager risk, and currency risk, and consider that the Target

Asset Allocation strikes a reasonable balance between risk mitigation and seeking an appropriate level of return, taking account of the strength of the Employer's covenant.

The Target Asset Allocation has been determined with due regard to the characteristics of the Scheme's liabilities on a solvency basis.

The calculation of the Scheme's solvency liabilities uses assumptions for future investment returns and price inflation expectations that are based upon market values of financial securities such as fixed interest and index-linked government bonds. This means that the liabilities are sensitive to changes in the price of these assets as market conditions vary and can have a volatile value.

The Trustee accepts that the investment strategy may result in volatility in the Scheme's funding position. Furthermore, the Trustee also accepts that there is a risk that the assets will not achieve the rates of investment return assumed in the calculation of the Scheme's liabilities on a solvency funding basis.

The Trustee will monitor the investment, covenant, and funding risks faced by the Scheme with the assistance of their investment advisers and the Scheme Actuary at least every three years. The Trustee will consider the appropriateness of implementing additional risk mitigation strategies as part of such reviews.

In addition, the Trustee will review wider operational risks as part of maintaining their risk register.

8 Security of Assets

The day-to-day activities that the Investment Manager carries out for the Trustee are subject to regular internal reviews and external audits by independent auditors to ensure that operating procedures and risk controls remain appropriate.

Safe-keeping of the Scheme's assets held with the Investment Manager is performed by custodians appointed by them.

The Trustee has considered the financial security of the Scheme's holdings with the Investment Manager, together with its status as a reputable regulated firm, and considers the associated protection offered to be reasonable and appropriate.

9 Responsible Investment & Stewardship

The Trustee believes that in order to protect and enhance the value of the investments, during the period over which the benefits are paid, it must act as a responsible asset owner.

The Scheme is also comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustee therefore does not explicitly seek to reflect any specific views through the implementation of the investment strategy, both financial and non-financial.

The Trustee's policies in respect of responsible investment are set out below:

Policy	
Financially Material Considerations	The Trustee recognises that Environmental, Social and Governance (ESG) issues can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Scheme invests. In turn, ESG issues can and will have a material financial impact on the returns provided by those assets. The Trustee delegates responsibility for day-to-day decisions on the selection of investments to the Investment Manager. The Trustee has an expectation that the Investment Manager will consider ESG issues in selecting investments, or will otherwise engage with the issuers of the Scheme's underlying holdings on such matters in a way that is expected to improve the long-term return on its assets. The Trustee does not currently impose any specific restrictions on the Investment Manager with regard to ESG issues, but will review this position from time to time. The Trustee can request information from the Investment Manager on its approach to selecting investments and engaging with issuers with reference to ESG issues. With regard to the specific risk to the performance of the Scheme's investments associated with the impact of climate change, the Trustee takes the view that this falls within its general approach to ESG issues. The Trustee regards the potential impact of climate change on the Scheme's assets as a longer term risk and likely to be less material in the short-term given the circumstances of the Scheme.
Non-Financially Material Considerations	Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustee believes these should not drive investment decisions. The Trustee expects the Investment Manager, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.
Engagement and Voting Rights	The Trustee's voting and engagement policy is to use their investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustee believes that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of their investments and is in the members' best interests. The Trustee will aim to monitor the actions taken by the Investment Manager on their behalf and if there are significant differences from the policy detailed above, they will escalate their concerns which could ultimately lead to disinvesting their assets from the manager.

Policy	
Capital Structure of Underlying Companies	Responsibility for monitoring the make up and development of the capital structure of investee companies is delegated to the Investment Manager. The Trustee expects the extent to which the Investment Manager monitors capital structure to be appropriate to the nature of the mandate.

www.blackrock.com/corporate/about-us/investment-stewardship

The Trustee's views on how ESG issues are taken account of in each asset class used is set out below:

Asset Class	Active/Passive Managed	ESG Views
Corporate Bonds	Active	The Trustee expects the investment manager to take financially material ESG factors into account, given the active management style of the funds and their specific ESG focus.
Government Bonds	Active	The assets consist of government bond funds, with no underlying investee companies as such. Therefore, the Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.

The Trustee will review the stewardship policies/review whether their stewardship policies are aligned of any new investment managers appointed, as well as assessing the stewardship and engagement activity of the current Investment Manager on an ongoing basis.

10 Conflicts of Interest

The Trustee maintains a separate conflicts of interest policy and a conflicts register.

Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the Investment Manager, while also setting out a process for their management.

11 Duration of Investment Arrangements

The Trustee is a long-term investor and has not set an explicit target to review the duration of their agreements with the Investment Manager. However, the arrangements will be reviewed in conjunction with any review of the investment strategy.

12 Incentivisation of Investment Managers

The Investment Manager is primarily remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund.

The Trustee does not directly incentivise the Investment Manager to align the approach adopted for a particular fund with the Trustee's policies and objectives. Instead, the Investment Manager is selected so that, in aggregate, the risk-adjusted returns produced are expected to meet the Trustee's objectives.

Neither does the Trustee directly incentivise the Investment Manager to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustee expects such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Scheme.

13 Portfolio Turnover Costs

The Trustee expects the Investment Manager to change underlying holdings only to an extent required to meet its investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.

The Trustee therefore does not set a specific portfolio turnover target for its strategy or the underlying funds.

The Investment Manager provides information on portfolio turnover and associated costs to the Trustee so that this can be monitored, as appropriate.

14 Monitoring

The Trustee employs Broadstone to assist them in monitoring the performance of the Scheme's investment strategy and Investment Manager.

The Trustee receives quarterly reports from the Investment Manager and meets with its representatives periodically to review their investment performance and processes.

The Trustee and Broadstone will monitor the Investment Manager's performance against their performance objectives.

The appropriateness of the Investment Manager's remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise a manager has had in meeting its objectives, both financial and non-financial.

The Trustee will consider on a regular basis whether or not the Investment Manager and AVC providers remain appropriate to continue to manage the Scheme's investments and AVCs.

15 Review of Statement

The Trustee will review this Statement if there is a significant change in the Scheme's investment strategy or circumstances, or a significant change in the regulations that govern pension scheme investment.

On behalf of the Trustee of the Mettler Toledo Pension Scheme

Date: 12th December 2024

Appendix A Investment Strategy Implementation Summary

A.1 Target Asset Allocation

The Target Asset Allocation for the Scheme's assets is as follows:

Asset Class	Target Asset Allocation
Corporate bonds	53%
Government bonds	45%
Cash	2%

The balance between the government bond allocation (comprising gilt funds and index-linked gilt funds) and investment grade corporate bond funds will vary over time. The target is indicative only and the underlying objective for these assets will be to maintain the target hedging levels, which protect against changes in long-term interest rates and inflation expectations. The target asset allocation represents a hedging solution which provides a 100% hedge against interest rates and inflation risk, whilst also providing a reasonably close match to the sensitivity of the liabilities to changes in interest rates (duration of the liabilities).

The cash fund is in place to provide a buffer for meeting the Scheme's benefit outgo requirements.

A.2 Investment Manager

The Trustee entered into a contract with BlackRock, on 2nd May 2008. The Investment Manager undertakes day-to-day investment management of the Scheme's assets.

The Investment Manager is authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000.

A.3 Strategies and Funds

The Trustee uses the following funds operated by the Investment Manager:

	Allocation target
Hedging Assets	
Corporate Bonds	
Buy and Maintain ESG Vintage 2020-2024 Fund	
Buy and Maintain ESG Vintage 2025-2029 Fund	53%
Buy and Maintain ESG Vintage 2030-2034 Fund	
Buy and Maintain ESG Vintage 2035-2039 Fund	
Gilts	
Aquila Life Over 15 Years UK Gilt Index Fund	
Aquila Life Over 25 Years Index-Linked Gilt Index Fund	45%
Aquila Life All-Stock Index-Linked Gilt Index Fund	
Cash	
BlackRock Sterling Liquidity Fund	2%
TOTAL INVESTED ASSETS	100%

A.4 Target Hedging Ratios

The target hedging ratios against the interest rate risk and inflation risk associated with the Scheme's total liabilities on a proxy solvency basis are summarised below:

	Target Hedging Ratio
Long-term interest rates	100%
Long-term inflation expectations	100%

A.5 Fund Performance Benchmarks and Objectives

The corporate bond fund, gilt fund and index-linked gilt fund are index-tracking funds, meaning that their objective is to track the total return on a specified market index within an agreed margin over a specified timescale. The benchmarks for these funds are given below:

Fund	Benchmark
Buy and Maintain Credit Funds	See below
Aquila Life Over 15 Years UK Gilt Index Fund	FTSE Actuaries UK Conventional Gilts over 5 Years Index
Aquila Life Over 25 Years Index-Linked Gilt Index Fund	FTSE Actuaries UK Index-Linked Gilts over 25 Years Index

Aquila Life All-Stock Index-Linked Gilt Index Fund	FTSE Actuaries UK Index-Linked Gilts Over 15 Years Index
BlackRock Sterling Liquidity Fund	Sterling Overnight Index Average Rate (SONIA)

A.6 BlackRock Buy & Maintain Credit Pooled Fund

The fund range has an objective to capture the yield on a diversified portfolio of (predominantly) investment grade corporate bonds by avoiding defaults and/or material downgrades. Given the objective, the funds do not have specific performance benchmarks, however, a range of appropriate metrics can be used to monitor the funds over time (e.g. credit quality, turnover, diversification by sector/region, etc). We note that each fund invests in a diversified portfolio of corporate bonds, which can be used to broadly match changes in the value of a scheme's liabilities due to changes in long-term interest rates, while generating cashflows which can help to meet the scheme's benefit outgo. Cashflows are distributed on a quarterly basis.

A.7 Investment Management Charges

The annual management charges for each of the funds used, based on the assets under management at the date of this Statement, are detailed in the table below:

Fund	Annual Management Charge (% p.a.)
Buy and Maintain Credit Funds	0.09
Aquila Life Over 15 Years UK Gilt Index Fund	0.08
Aquila Life Over 25 Years Index-Linked Gilt Index Fund	0.08
Aquila Life All-Stock Index-Linked Gilt Index Fund	0.08
BlackRock Sterling Liquidity Fund	0.10

A.8 Additional Voluntary Contributions (AVCs)

Members' Additional Voluntary Contributions ("AVCs") are invested in with-profits and unit linked contracts with Aviva, Clerical Medical and Utmost.

Objectives for Investment Consultancy Services

Broadstone have been appointed by the Trustee of the Mettler Toledo Pension Scheme ('the Scheme') to provide investment consultancy services. The Trustee agreed that they will monitor Broadstone's performance against the objectives set out below, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022.

These objectives were agreed on 20 April 2023 and are now due to be formally reviewed.

The Trustee is required to monitor Broadstone's performance on an annual basis and review the objectives at least every three years, or if there is a significant change in the Scheme's investment strategy.

The Trustee agreed to assess Broadstone's performance using a balanced scorecard, with performance assessed against a number of objectives. Each objective needs to be scored and an overall score determined.

Individual Objectives

Objective 1 – Demonstration of Value Added (Weighting 30%)

- Help the Trustees to deliver an investment return in excess of the discount rate used in setting the Scheme's Technical Provisions, and consistent with the rate of return used in determining any Recovery Plan.
- Help the Trustees stabilise the Scheme's funding level to an agreed extent.
- Help the Trustees continue to develop an investment strategy that targets an appropriate level of expected return and risk, consistent with the Trustees' long-term funding plan.
- Recommend appropriate investment managers to implement the Scheme's strategy that match or exceed an appropriate comparison benchmark.

Comments
Stabilisation position is key

Score 1: _____5 /5

Objective 2 – Delivery of Specialist Services (Weighting 25%)

- Help the Trustees develop and define its investment beliefs.
- Complete asset liability modelling and scenario/sensitivity modelling, as required.
- Manage the Scheme's cashflow requirements in a cost-effective manner.
- Manage any asset transitions between investment managers in a risk-controlled and cost-effective way.
- Help the Trustees develop and maintain an appropriate framework to track progress against its strategic objectives.

Comments
Pleased with the asset transition management; cashflow is managed well. Although not key progress framework needs more work

Score 2: ____4_ /5

Broadstone

Objective 3 – Proactivity of Advice (Weighting 10%)

- Advise the Trustees of new investment opportunities and ideas.
- Monitor emerging risks and opportunities to mitigate or transfer risks.
- Advise the Trustees on any ad-hoc investment governance or other issues that arise.

Comments Very happy with this aspect Score 3: ___5__ /5

Objective 4 – Support with Scheme Management and Compliance (Weighting 20%)

- Monitor the performance of the Scheme's investments in quarterly reports, and advise the Trustees where managers are under-performing or where re-balancing of the asset allocation is required.
- Review and update the Statement of Investment Principles as required.
- Ensure compliance of the Scheme's investment arrangements with developments in investment regulations.

Comments Generally good; couple of minor delays Score 4: ___4__ /5

Objective 5 – Relationship and Service Standards (Weighting 15%)

- Have a strong, positive, working relationship with the Trustees and other stakeholders.
- Provide investment reports and advice in a timely manner and within the agreed timescales.
- Appropriate management and mitigation of any conflicts of interest.
- Be transparent on fees, with pre-agreed budgets provided for larger pieces of work.

Comments Great team to work with Score 5: ___5__ /5

Overall Score

(Score 1 x 30%) + (Score 2 x 25%) + (Score 3 x 10%) + (Score 4 x 20%) + (Score 5 x 15%) **Overall Score:** ___4.5__ /5

Signed	
Name	Lynette Lewis
Date	12 December 2024

On behalf of the Trustee of the Mettler Toledo Pension Scheme