

Mettler-Toledo Pension Scheme

Implementation Statement

For the Year Ended 31 December 2024

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Statement of Investment Principles – Implementation Statement

The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustee's Statements of Investment Principles (SIPs) dated February 2023 and December 2024 have been implemented.

It also includes the Trustee's voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made and the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustee, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 1 January 2024 to 31 December 2024.

Investment objectives of the Scheme

The Trustee's objectives for setting the investment strategy of the Scheme have been set broadly with regard to the Scheme's Statutory Funding Objective set out in the Statement of Funding Principles.

The Trustee's primary objectives are set out on page 4 of the December 2024 SIP and 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; and
- To invest the Scheme's assets in funds that produce cashflows that reasonably match the benefit outgo requirements of the Scheme.

The Trustee appreciates that these objectives are not necessarily mutually exclusive.

The Trustee also recognises that it is currently necessary to accept some risk in the investment strategy to achieve the long-term funding objective.

These objectives differ to those in place at the start of the year, reflected in the February 2023 SIP, insofar as the Trustee's hedging target objective was revised from targeting funded solvency liabilities to total solvency liabilities, and the Trustee added its cashflow generation objective.

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Review of the SIP

The SIP was last reviewed in December 2024. The Trustee updated the SIP to reflect changes in the Scheme's investment strategy that were made over the Scheme year.

Prior to this, the SIP had last been updated in February 2023 to take account of previous changes made to the Scheme's investment strategy over the year to 31 December 2022.

The Trustee has a policy on financially material considerations relating to Environmental, Social, and Governance (ESG) issues, including the risk associated with the impact of climate change. In addition, the Trustee has a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out later in this Statement and are detailed in the Trustee's SIPs.

The Trustee's policy on financially material considerations was updated in the December 2024 SIP coming into force during the year to state that the Trustee does not impose any specific restrictions on the Investment Manager with regard to ESG issues, but will review this position from time to time. The Trustee's policies on non-financially material considerations and engagement and voting activities were not updated over the year.

Investment managers and funds in use

The Trustee's investment strategy as at the start of the year was as shown in the below table. This was not reflected in the Trustee's February 2023 SIP, given changes made to the Scheme's investment strategy later in the previous Scheme year, after that SIP had been published:

Asset Class	Fund	Target Asset Allocation
Corporate bonds	BlackRock Buy and Maintain ESG Vintage Funds	52.5%
Government bonds	Aquila Life Over 15 Years UK Gilt Index Fund	40.0%
	Aquila Life Over 25 Years Index-Linked Gilt Index Fund	
Cash	BlackRock Sterling Liquidity Fund	7.5%
Total		100.0%

The Trustee revised the Scheme's investment strategy during the year by reducing the Scheme's cash fund target allocation, re-distributing these assets to the corporate and government bonds funds. In addition, the Trustee also implemented a new investment to the Aquila Life All-Stock Index-Linked Gilt Index Fund.

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The Trustee's investment strategy in place as at the end of the year is as shown in the table below, and is reflected in the December 2024 SIP.

Asset Class	Fund	Target Asset Allocation
Corporate bonds	BlackRock Buy and Maintain ESG Vintage Funds	53.0%
Government bonds	Aquila Life Over 15 Years UK Gilt Index Fund	45.0%
	Aquila Life Over 25 Years Index-Linked Gilt Index Fund	
	Aquila Life All-Stock Index-Linked Gilt Index Fund	
Cash	BlackRock Sterling Liquidity Fund	2.0%
Total		100.0%

Investment governance

The Trustee is responsible for making investment decisions, and seeks advice as appropriate from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustee's investment consultant.

The Trustee does not actively obtain views of the membership of the Scheme to help form its policies set out in the SIP as the Trustee's primary objective is to meet the benefits of the Scheme as they fall due, and the current investment strategy in place is intended to meet this objective. In addition, the Trustee notes that the Scheme is comprised of a diverse membership, which the Trustee expects to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

The Trustee has put in place strategic objectives for Broadstone, as the Trustee's investment consultant, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022, which were last reviewed by the Trustee in April 2023. These objectives cover demonstration of adding value, delivery of specialist investment consultancy services, proactivity of investment consultancy advice, support with scheme management, compliance, and service standards.

Monitoring of investment arrangements

In addition to any reviews of Investment Managers or approaches, and direct engagement with the Investment Manager (as detailed below), the Trustee receives performance reports on a quarterly basis from BlackRock, together with performance reports from Broadstone on a quarterly basis to ensure the investment objectives set out in its SIP is being met.

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Trustee's policies

The table below sets out how, and the extent to which, the relevant policies in the Scheme's SIP have been followed:

Requirement	Policy	Implementation of Policy
Selection of Investments	<p>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.</p> <p>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.</p> <p>The Trustee may also:</p> <ul style="list-style-type: none"> 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. 	<p>No deviation from this policy over the year to 31 December 2024.</p>
Target Asset Allocation	<p>The Trustee will set a Target Asset Allocation from time to time, determined with the intention of meeting its investment objectives.</p> <p>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 Principal Employer's covenant, the nature of the Scheme's liabilities, or relevant regulations governing pension scheme investment.</p> <p>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.</p>	<p>No deviation from this policy over the year to 31 December 2024.</p> <p>The Trustee's target investment strategy allocations as at the year-end are reflected in the December 2024 SIP.</p>

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Requirement	Policy	Implementation of Policy
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.	No deviation from this policy over the year to 31 December 2024.
Maintaining the Target Asset Allocation and Target Hedging Ratios	<p>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 and hedging ratios on a regular basis with the assistance of its 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 Hedging Ratios will take precedence over maintaining the Target Asset Allocation.</p>	<p>No deviation from this policy over the year to 31 December 2024.</p> <p>The asset allocation and level of hedging exposure provided by the assets at the year were broadly in line with their targets and are reflected in the December 2024 SIP.</p>
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 Schemes (Investment) Regulations 2005.	No deviation from this policy over the year to 31 December 2024.
Realising Investments	The Trustee makes disinvestments from the Investment Manager with the assistance of its administrator, Broadstone, as necessary, to meet the Scheme's cashflow requirements.	No deviation from this policy over the year to 31 December 2024.

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Requirement	Policy	Implementation of Policy
Performance Benchmarks and Objectives	<p>The corporate bond funds used during the year are actively managed, where 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.</p> <p>The government bonds funds used during the year are passively managed index-tracking funds, meaning that their objectives are to track the total return on a specified market index within an agreed margin over a specified timescale.</p> <p>The cash fund used during the year is actively managed, and has the objective of maximizing current income whilst preserving capital and providing liquidity through a portfolio of money market instruments.</p>	<p>The funds' performance benchmarks and objectives were reviewed on a quarterly basis over the year to 31 December 2024.</p> <p>There were no changes to the funds' performance benchmarks and objectives over the year.</p>
Investment Management Charges	<p>The annual investment management charges of the funds used during the Scheme year are set out in the Appendix to the December 2024 SIP and are as follows:</p> <ul style="list-style-type: none"> • BlackRock Buy and Maintain ESG Vintage 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: 0.125% 	<p>There were no changes to the funds' investment management charges over the year to 31 December 2024.</p> <p>The December 2024 SIP notes the BlackRock Sterling Liquidity Fund as having an annual management charge of 0.10% p.a. This will be updated when the Trustee next reviews its SIP.</p>
Financially and Non-Financially Material Considerations	<p>The Trustee's policy on financially and non-financially material considerations is set out on page 8 of the December 2024 SIP and in full below.</p>	<p>No deviation from this policy over the year to 31 December 2024 (see below).</p>

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Requirement	Policy	Implementation of Policy
Engagement and Voting Rights	The Trustee's voting and engagement policy is to use its investments to improve the ESG 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 its investments and is in the members' best interests. The Trustee will aim to monitor the actions taken by the Investment Manager on its behalf and if there are significant differences from the policy detailed above, it will escalate its concerns which could ultimately lead to disinvesting its assets from the manager.	No deviation from this policy over the year to 31 December 2024 (see below).
Additional Voluntary Contributions ('AVCs')	Members' AVCs are invested in with-profits and unit-linked contracts with Aviva, Clerical Medical and Utmost.	No deviation from this policy over the year to 31 December 2024.

Financially and non-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 be expected to 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.

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The Trustee's views on how ESG issues are taken account of in each asset class used during the Scheme year are set out below.

Asset Class	Active/Passive	Trustee's 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	Passive	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.
Cash	Active	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 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 context of the short-term given the circumstances of the Scheme.

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.

Voting rights

During the period, the Trustee invested in pooled investment funds with the Investment Manager, and it acknowledges that this limited its ability to directly influence the Investment Manager.

All voting activities have been delegated to the Investment Manager, as the Trustee is unable to vote on the underlying holdings, given the pooled nature of the Scheme's investments. However, the pooled fund investments held with the Investment Manager over the period do not contain equity holdings, and as such BlackRock did not exercise any voting rights during the period on behalf of the Trustee.

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Engagement activities

The Trustee has also delegated engagement activities to the Investment Manager. A notable engagement activity of the Investment Manager the Scheme invested with during the year is provided below:

- **BlackRock** engaged with The Walt Disney Company ('Disney') to discuss how its governance and long-term strategy align with long-term financial performance. The company's performance in recent years attracted shareholder activist campaigns, including two dissident investors who sought strategic changes by proposing alternative candidates to the company's Director nominees at the April 2024 Annual General Meeting ('AGM').

In advance of the AGM, BlackRock engaged with Disney's Board of Directors and management, as well as with both dissident investors, to better understand how the proposed strategies of each might add long-term financial value at Disney.

Ultimately, BlackRock voted in support of management's slate of Directors, recognising that many of the issues discussed with the company will take time to address and translate into financial results. In BlackRock's view, the Disney Board and management have taken steps to restore confidence, have been responsive to shareholders, and have demonstrated progress in implementing the company's revised strategy.

As a result, BlackRock determined that the Directors proposed by management were best placed to oversee the implementation of the revised strategy and make any necessary governance changes. Disney's recommended Directors received majority shareholder support at the April 2024 AGM.

The Trustee also considers an investment manager's policies on stewardship and engagement when selecting and reviewing investment managers.

Signed: 

For and on behalf of Shoosmiths Trust Corporation Limited

Date: 29 / 07 / 2025