

Snap-on Tools Pension and Benefit Plan – Investment Transparency

The Snap-on Tools Pension and Benefit Plan is committed to clear and transparent management of its investments. To help members understand how the plan is managed, we maintain four key documents listed below: the **Statement of Investment Principles (SIP)**, the **Implementation Statement**, the **Chair’s Statement**, and the **Annual Accounts**. These documents explain our investment approach, governance, and financial position, and are published online for full transparency.

1. Statement of Investment Principles (SIP)

The SIP sets out the trustees’ approach to investing the plan’s assets. It explains:

- The investment objectives of the plan
- How risks are managed
- The strategic asset allocation
- Any restrictions on investments
- How environmental, social, and governance (ESG) factors are considered

The SIP is prepared in line with the **Occupational Pension Schemes (Investment) Regulations 2005** and is reviewed regularly to ensure it reflects the plan’s objectives and current investment approach.

2. Implementation Statement

The Implementation Statement reports on how the trustees have put the SIP into practice over the year. It shows:

- How investments have met the objectives set in the SIP
- Actions taken on risk management and stewardship
- Voting and engagement activities with companies invested in

3. Chair’s Statement and Annual Accounts

The Chair’s Statement provides a summary of the scheme’s activities, funding position, and governance over the year. The Annual Accounts show the financial position of the scheme and a detailed record of contributions, benefits, and investment performance.

Publishing these documents online ensures full transparency and compliance with UK regulations, including the **Pension Schemes Act 2021**. Members are encouraged to review them to understand how the plan is managed and how the trustees make investment and governance decision.



Danny Johnston

Trust Chair - Snap-on Tools Pension and Benefit Plan

The Snap-on Tools Limited Pension and Benefits Plan (the 'Plan') Annual Chair's Statement

Plan year-ended 30 April 2023

Regulations effective from 6th April 2015 require the Trustees to prepare a statement showing how they have met certain minimum governance standards in relation to the Plan's defined contribution benefits. This is published online at <https://www.snapon.co.uk/wp-content/uploads/2023/01/Pension-and-Benefit.pdf>, with members being notified of this in the annual benefit statements. These standards cover four principal areas namely:

- The default investment arrangement;
- Core financial transactions;
- Value from member borne deductions and
- The Trustees' knowledge and understanding.

As Chair of Trustees, it is my pleasure to report to you on how the Trustees have embedded these minimum standards over the period 1 May 2022 to 30 April 2023.

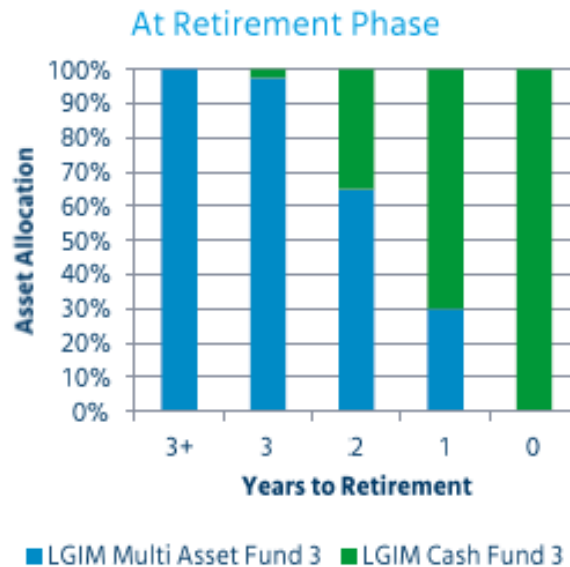
The investment arrangements

The Trustees' Statement of Investment Principles (SIP) dated September 2023, which includes the principles in relation to the Plan's default investment arrangement, is attached to this statement. This covers our aims and objectives in relation to the default investment arrangement as well as our policies in relation to matters such as risk and diversification. It also states why we believe that the default investment arrangement is designed in members' best interests. Following the review referred to later in this section, and the ongoing review of the performance of the Plan's default investment strategy, we believe the performance is consistent with the aims and objectives outlined in the SIP.

The Trustees are responsible for setting the Plan's investment strategy and for appointing investment managers to carry out that strategy. They must also establish a default investment arrangement for members who do not select their own investment options from the fund range that is available.

The Plan's investment platform is held through Legal and General (L&G). The current default fund for all DC members of the Plan is the Legal & General Cash Lifestyle. The L&G Multi-Asset fund adopts a lifestyle approach to manage risk throughout a member's lifetime in the Plan until three years prior to the member's selected retirement date, at which point a member's pension pot will gradually be moved into the L&G Cash fund so that at a members' selected retirement age 100% of a member's assets will be invested in the L&G Cash fund.

The structure of the default is shown in more detail below:



The Trustees undertake a holistic and strategic review of the Plan's investment arrangements periodically. Ad hoc reviews of strategy and/or investment policy are also undertaken in the event of significant legislative, market or member demographic changes.

The last strategic review of the default investment strategy was undertaken and completed on 25 April 2023 to ensure the Trustees offer members access to a default option, appropriate investment strategies, funds and options to consolidate assets in an appropriate range of funds, taking account of the type of membership.

The investment review that was undertaken included a review of the default strategy and performance of the default arrangement. It covered the following:

- Analysis of the membership
- Consideration of market trends
- Review of the objective for the default strategy, including the growth phase and at retirement portfolios
- Review of the switching period
- ESG considerations.

Given the membership of the Plan will retire with Defined Benefit ("DB") retirement benefits as the bulk of their retirement pot, it is likely that most members will use their savings from this Plan as a means of drawing tax free cash to supplement any retirement income from the DB section. The DC section of the Plan is not used for automatic enrolment purposes but there is active membership. The outcome of the review confirmed this position and the Trustees agreed to maintain the current default investment strategy as it still aligns with the current membership profile and performance remains consistent with the aims and objectives of the Statement of Investment Principles. The Trustees also considered the composition of the self-select fund range and concluded that no changes should be made to the fund range as a result of this review.

The Plan also holds Additional Voluntary Contribution (AVC) assets with Prudential via a With-Profits fund, which is closed to future contributions.

Requirements for processing financial transactions

As required by the Administration Regulations, the Trustee must ensure that “core financial transactions” are processed promptly and accurately. Core financial transactions are (broadly):

- Investment of contributions made to the Plan by members and their employer;
- Transfer of members’ assets into and out of the Plan;
- Switches of members’ investments between different funds within the Plan; and
- Payments from the Plan to, or in respect of, members (e.g. payment of death benefits).

The Trustees monitor the extent to which the Plan’s core financial transactions are processed promptly and accurately through the receipt of reports from L&G.

The Trustees recognise the importance of processing financial transactions promptly and accurately as failure to do so may have an adverse effect on member outcomes and may result in members disengaging with the Plan.

The Plan’s administration is outsourced to L&G. Service levels and timescales have been agreed for the processing of all member-related services, including core financial functions such as investment switches and benefit payments. The Trustees have a service level agreement (“SLA”) in place with the administrator, which covers the accuracy and timeliness of all core transactions. A report is received at least annually from L&G that references the SLA in place and the performance of core financial transactions against SLA.

L&G operate a workflow system, which allows work requests with SLAs to allow improved flexibility for creating reports and also being able to drill down to specific work requests, teams and individuals, to measure and monitor their performance. This workflow system enables L&G to produce regular dashboards, which, using RAG (Red, Amber, Green) status reporting will provide this information at individual task level. L&G’s quality assurance team uses the workflow system to ensure that quality standards are met and maintained.

The L&G report for the year ending 31 March 2023 shows service in a number of areas related to core financial transactions (figures as at 30 April were unavailable). 100% of cases related to core financial transactions were achieved within SLA, which the Trustees have deemed to be satisfactory in so much as core financial transactions have been processed promptly and accurately.

Prudential perform administration services in relation to the Prudential With-Profits fund. There are no active members invested in this fund.

The Trustees will continue to monitor administration service and are aware of the escalation points if service falls below expectations.

Costs and Charges

The Trustees are required to report on the charges and transaction costs for the investments used in the default arrangement as well as the wider fund choice available, and assess the extent to which the charges and costs represent good value for members. When preparing this statement, the Trustees have taken account of statutory guidance when producing this section.

The total charges payable will vary depending on the stage that each member has reached in the default arrangement’s growth and de-risking phase. The Annual Management Charges (“AMCs”) and Total Expense Ratios (“TERs”) applicable to each of the Plan’s funds that are available to members are detailed below:

Default arrangement

Manager	Fund	AMC (% p.a.)	TER (% p.a.)
Legal & General (L&G)	Cash Fund	0.35	0.44
	Multi-Asset Fund	0.35	0.48

These funds are also available to self-select

Self-select funds

Manager	Fund	AMC (% p.a.)	TER (% p.a.)
Legal & General (L&G)	UK Equity Fund	0.35	0.45
	Retirement Income Multi Asset Fund	0.35	0.66
	All Stocks Index Linked Gilts Index Fund	0.35	0.43
	All Stocks Gilts Index Fund	0.35	0.43
	Global Equity Market Weights (30:70) Index Fund 75% GBP Currency Hedged Fund	0.35	0.49

AVCs

Manager	Fund	AMC (% p.a.)	TER (% p.a.)
Prudential	With-Profits Fund	No explicit charges	No explicit charges

Source: L&G, Prudential

The charges provided in the tables above have been provided by L&G as at 31 March 2023. This detail is only disclosed quarterly, hence charges are not as at Plan Year End. The charges quoted are paid by members whilst invested in those funds.

Transaction costs

The charges referred to above do not include transaction costs. These are costs incurred by fund managers as a result of buying, selling, lending or borrowing investments. These costs are taken into account by the fund managers when calculating the unit price for each of the funds. The transaction costs shown are calculated on a methodology known as 'slippage cost'. This compares the price of the stocks being traded when a transaction was executed with the price at which the transaction was requested. Market movements during any delay in transacting may be positive or negative and may also outweigh other explicit transaction costs. For this reason, overall transaction costs calculated on the slippage method can be negative as well as positive.

When buying and selling investments, transaction charges are often applied to the funds being bought or sold. In the below table, we set out the transaction charges applied in the Plan's default fund.

Manager	Fund	Transaction Cost (% p.a.)
Legal & General (L&G)	Cash Fund	0.04
	Multi-Asset Fund	0.04
	UK Equity Fund	0.03
	Retirement Income Multi Asset Fund	0.12

	All Stocks Index Linked Gilts Index Fund	0.18
	All Stocks Gilts Index Fund	0.15
	Global Equity Market Weights (30:70) Index Fund 75% GBP Currency Hedged Fund	0.08
Prudential	With-Profits Fund	Data not available

Source: L&G

Transaction costs quoted in this statement were applicable as at 31 March 2023. Data from Prudential was requested but not available at the time of reporting. Transaction costs are paid by members.

Using the charges and transaction cost data provided by L&G, the Trustees have prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot. The statutory guidance provided has been considered when providing these examples.

The below illustration has taken into account the following elements:

- Savings pot size;
- Contributions;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time.

Active member illustration (typical member):

Projected Pot sizes in Today's Money						
Lifestyle Option						
	Default Arrangement		Most expensive fund: Retirement Income Multi Asset		Cheapest fund: Cash	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
54	£21,080	£21,080	£21,080	£21,080	£21,080	£21,080
55	£22,894	£22,778	£22,889	£22,715	£22,221	£22,123
60	£33,060	£32,148	£33,016	£31,661	£28,045	£27,378
65	£42,620	£40,651	£45,221	£42,040	£34,077	£32,701

Active member illustration (youngest member):

Projected Pot sizes in Today's Money			
Lifestyle Option			
	Default Arrangement	Most expensive fund: Retirement Income Multi Asset	Cheapest fund: Cash

Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
43	£23,070	£23,070	£23,070	£23,070	£23,070	£23,070
45	£26,923	£26,656	£26,910	£26,512	£25,387	£25,169
50	£37,921	£36,710	£37,863	£36,066	£31,324	£30,463
55	£51,191	£48,536	£51,062	£47,150	£37,472	£35,826
60	£67,202	£62,449	£66,968	£60,009	£43,838	£41,258
65	£81,284	£74,152	£86,136	£74,928	£50,430	£46,760

Deferred member illustration (typical member):

Projected Pot sizes in Today's Money						
Lifestyle Option						
	Default Arrangement		Most expensive fund: Retirement Income Multi Asset		Cheapest fund: Cash	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
55	£9,810	£9,810	£9,810	£9,810	£9,810	£9,810
60	£11,836	£11,540	£11,822	£11,381	£10,158	£9,937
65	£13,404	£12,759	£14,247	£13,204	£10,519	£10,065

Deferred member illustration (youngest member):

Projected Pot sizes in Today's Money						
Lifestyle Option						
	Default Arrangement		Most expensive fund: Retirement Income Multi Asset		Cheapest fund: Cash	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
40	£3,760	£3,760	£3,760	£3,760	£3,760	£3,760
45	£4,537	£4,423	£4,531	£4,362	£3,893	£3,809
50	£5,474	£5,203	£5,461	£5,061	£4,032	£3,858
55	£6,605	£6,121	£6,580	£5,871	£4,175	£3,908
60	£7,969	£7,200	£7,930	£6,812	£4,323	£3,958
65	£9,024	£7,961	£9,557	£7,902	£4,476	£4,009

Notes:

1. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
2. Inflation is assumed to be 2.5% each year.

3. For active members, the starting pot size is assumed to be £23,070 for the youngest member and £21,080 for the typical member; this is representative of the average for the Plan.
4. For deferred members, the starting pot size is assumed to be £3,760 for the youngest member and £9,810 for the typical member; this is representative of the average for the Plan.
5. For active members, salary is assumed to be £33,000 p.a. for the youngest member and £33,000 p.a. for the typical member. Future salary increases are assumed to be zero in real (inflation-adjusted) terms.
6. For active members, total contributions are assumed at 3% of salary each year. No contributions are assumed for deferred members.
7. Values shown are estimates using long-term expected rates of return, and understate the level of market volatility experienced. These outcomes are not guaranteed.
8. For the default arrangement, which is a lifestyle strategy, the projections take into account the changing proportion invested in the different underlying funds over time and the growth rates may be a blend of those shown below where there is a blend of different asset classes.
9. The projected growth rates (including inflation) for each fund are as follows and use the same underlying assumptions as the Statutory Money Purchase Illustration assumptions plus any transaction costs:
 - LGIM UK Equity Index: 6.4%
 - LGIM Global Equity Market Weights 30:70 Index: 7.1%
 - LGIM Multi Asset: 6.2%
 - LGIM All Stocks Index Linked Gilt Index: 3.2%
 - LGIM All Stocks Gilts Index: 3.2%
 - LGIM Cash: 3.2%
 - LGIM Retirement Income Multi Asset: 6.2%
10. Fund charges consist of Total Expense Ratios and Transaction Charges.

The Trustees acknowledge the requirement to publish these illustrations on a website and this Chair's Statement with the charge illustrations above will be available on a website. The 2023 benefit statements will include the web address.

Value for Money

The Trustee is required to assess the extent to which the Scheme delivers value for members across three key areas:

Assessment area	Type of assessment
Costs and charges	Comparative assessment against three larger DC arrangements, considering the level of ongoing member-borne charges and transaction costs.
Net investment performance	Comparative assessment against three larger DC arrangements, considering investment performance net of all member-borne costs and charges.

Governance and administration	Standalone assessment of the Scheme's governance and administration arrangements, covering: core financial transactions; record keeping; default investment strategy; investment governance; trustee knowledge and understanding; member communications; and management of conflicts of interest
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The Trustee has carried out a value for members assessment as at 30 April 2023. The conclusions of this assessment are set out in the table below:

Assessment area	Conclusion
Costs and charges	The Trustees have assessed the Plan as offering reasonable value from a costs and charges perspective. Whilst charges were lower for two of the three comparators, this did not include additional fees that the assessment does not account for.
Net investment performance	The Trustees have assessed the Plan as offering reasonable value from a net investment performance perspective. Whilst performance was below that of both the Aviva and NEST comparators, the notable differences in asset allocation meant these were not true like-for-like comparisons.
Governance and administration	The Trustee has assessed the Scheme as offering good value from a governance and administration perspective.
Overall	<p>Overall, considering all three areas set out above, the Trustees have assessed the Plan as offering reasonable value for members. Based on its assessment, the Trustees have identified the following areas for improvement, which the Trustees believe will help ensure the Plan provides good value for members going forward.</p> <ul style="list-style-type: none"> - Explore the possibility of engaging in discussions with L&G to negotiate their fee, thereby enhancing competitiveness against comparable entities. - The Trustees should review the Common and Scheme specific Data and put actions in place to improve the data quality. - The Trustees should consider members' preferences for mode of communication. - The AAF report should be reviewed annually by the Trustees in future. - The Trustees should consider whether quarterly meetings would be beneficial to the Plan's operation in future. <p>The Trustees believe making these improvements will result in better value for members being offered, than winding up the Plan and transferring members' assets to a larger occupational Plan.</p>

Trustee Knowledge and Understanding

The Trustees are required to maintain an appropriate level of knowledge and understanding which, together with the professional advice that is available to them, enables them to properly exercise their functions and duties in relation to the Plan. In addition, the Trustees receive advice and recommendations on investment and other issues from Mercer Limited. The Trustees receive advice from their advisers on new issues that require Trustee decisions.

There were changes to the group of Trustees in this and the prior Plan year.

The Chair and the new Trustees have been directed to The Pension Regulator's Toolkit in order to acquire the necessary knowledge to support them in fulfilling their duties. All Trustees have completed the Toolkit. The new Trustee has committed to completing the Toolkit within six months of his appointment.

During the course of the Plan year, the Trustees have also received training related to the following topics:

- ESG in your investment strategy – 5 July 2022
- Long term funding objective and investment de-risking journey planning – 5 October 2022
- Trustee Induction Training – 30 March 2023
- DC Investment Strategy – 25 April 2023

The Trustees have a working knowledge of the Plan's Trust Deed & Rules and Plan documents. The Trustees have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the fund and investment of occupational pension schemes. The Trustees are conversant with Plan policies and other important documentation, such as investment and administration reports to assess whether the Plan is working effectively. The Trustees have a working knowledge of the SIP having reviewed it as part of the strategy review during the year. Additionally, at each Trustee meeting the Trustees review the L&G investment and governance reports, ensuring contributions have been invested on time.

The advisers provide the Trustees with updates and current topics in relation to DC schemes and the Trustees have taken action where needed.

During the next Plan year, it is proposed that the Trustees undertake a knowledge gap analysis to determine further training requirements. This will include a plan to implement training to rectify any knowledge gaps.

Taking into account the actions taken individually and as a group, the knowledge and experience of the Trustees, and the professional advice available to it, the Trustees consider they are able to exercise their responsibilities but are seeking continued development over the coming year, given the changes to the composition of the Trustee board.

Net investment returns

The Occupational Pensions Plans (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 introduced new requirements for trustees of 'relevant' occupational pension schemes to calculate and publish the investment returns for the Plan's default arrangements, any additional default arrangements and those self-select investment options in which members have invested, after taking account of transaction costs and charges.

The following tables provide the net investment disclosures as at 31 March 2023 for all funds available to members. The Trustees have taken account of the statutory guidance when preparing these disclosures.

(i) Default investment strategy

Default strategy	Annualised returns to 31 March 2023	
Age of member at start of period	1 year	5 years
25	-5.5	3.9
45	-5.5	3.9
55	-5.5	3.9


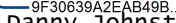
Source: L&G.

(ii) Self Select funds in which members were invested over the year to 31 March 2023

Self Select funds	Annualised returns to 31 March 2023	
	1 year	5 years
L&G (PMC) Global Equity Market Weights (30:70) Index Fund	-4.4	7.4
L&G (PMC) UK Equity Fund	2.3	5.2
L&G (PMC) Multi-Asset	-5.5	3.9
L&G (PMC) Retirement Income Multi Asset	-3.3	3.5
L&G (PMC) All Stocks Index Linked Gilts Index	-25.8	-3.1
L&G (PMC) All Stocks Gilts Index	-16.5	-3.2
L&G (PMC) Cash	2.2	0.8

Source: L&G.

I confirm that the above Statement has been produced by the Trustees to the best of their knowledge.

Signature: .....
Name:  Danny Johnston.....
Position: Trust Chair.....
Date: 30/11/2023.....

Appendix:



Snap-On SIP
September 2023 (cle

Statement of Investment Principles.



THE SNAP-ON TOOLS LIMITED PENSION AND BENEFIT PLAN
ANNUAL REPORT
FOR THE YEAR ENDED 30 APRIL 2024

Scheme Registration Number: 10111449

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

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The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Trustees, Principal Employer and Advisers

Trustees

Employer-nominated Trustees

Ms L Bateman
Mr D Johnston
Mr N Drummer
Mrs Z Ebelhack (appointed 11 March 2024)

Member-nominated Trustees

Mr P Bryan (appointed 11 March 2024)
Mr A Rodi
Mr C Ferra (resigned 31 December 2023)

Principal Employer

Snap-on UK Holdings Limited

Plan Actuary

Mr G J Edwards, FIA
Mercer Limited

Independent Auditor

Deloitte LLP

Administrators

Mercer Limited (resigned 31 December 2023)
Aptia UK Limited (appointed 1 January 2024)

Pension Consultant

Mercer Limited

Investment Managers

Defined Benefit Section

BlackRock Fund Managers Limited

Defined Contribution Section

Legal & General Investment Management Limited

Annuity Providers

Prudential plc
Legal & General Assurance Society

Additional Voluntary Contribution (AVC) Provider

Legal & General Investment Management Limited

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Trustees, Principal Employer and Advisers

Bank

HSBC Bank plc

Legal Adviser

Sacker & Partners LLP

Contact for further information and complaints about the Plan

The Trustees of The Snap-on Tools Limited Pension and Benefit Plan

c/o Snap-on UK Holdings Limited

Telford Way

Telford Way Industrial Estate

Kettering

Northamptonshire

NN16 8SN

Email: Danny.Johnston@snapon.com

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Trustees' Report

Introduction

The Trustees of The Snap-on Tools Limited Pension and Benefit Plan (the "Plan") are pleased to present their report together with the audited financial statements for the year ended 30 April 2024. The Plan is a hybrid scheme, comprising a Defined Benefit (DB) Section and a Defined Contribution (DC) Section.

The Plan provides benefits on a member's retirement or death based on the member's earning at the date pensionable services ceases. The Plan closed to all new entrants on 1 May 2008.

This Report is addressed primarily to the Plan's members.

Constitution

The Plan was established on 31 December 1974 by an interim deed and is currently governed by a consolidated deed and rules dated 11 November 2015 as amended.

Management of the Plan

Trustees

The Trustees who served during the year are listed on page 1.

In accordance with the Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 2006, members have the option to nominate and vote for Member-nominated Trustees.

The three Member-nominated Trustees, as shown on page 1, are nominated by the members under the rules notified to the members of the Plan. They may be removed before the end of their term only by agreement of all the remaining Trustees, although their appointment ceases if they cease to be members of the Plan.

In accordance with the trust deed, the Principal Employer, Snap-on UK Holdings Limited, has the power to appoint and remove the other Trustees of the Plan.

Statement of Trustees' Responsibilities

The Statement of Trustees' Responsibilities is set out on page 13 and forms part of this Trustees' Report.

Governance and risk management

The Trustees have in place a business plan which sets out their objectives in areas such as administration, investment and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustees run the Plan efficiently and serves as a useful reference document.

The Trustees have also focused on risk management. A risk register has been put in place which sets out the key risks to which the Plan is subject along with the controls in place to mitigate these.

Trustee knowledge and understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with scheme documentation. In March 2024, the Pensions Regulator published their new General Code of Practice to assist trustees on these matters, combining ten existing codes and introducing new obligations not covered by the existing codes, intending to improve scheme governance and administration. The Trustees have agreed a training plan to enable them to meet these requirements.

Principal Employer

The Plan is provided for all eligible employees of the Principal Employer, Snap-on UK Holdings Limited, whose registered address is Telford Way, Telford Way Industrial Estate, Kettering, Northamptonshire, NN16 8SN.

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Trustees' Report

Financial development

The financial statements on pages 17 to 32 have been prepared and audited in accordance with the Regulations made under Section 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund decreased from £83,021,981 at 30 April 2023 to £82,868,629 at 30 April 2024.

The decrease shown above comprised net withdrawals from dealings with members of £1,516,045 together with net returns on investments of £1,362,693.

The Plan's financial statements have been prepared on the going concern basis. In making this assessment, the Trustees have assessed the ability of the Sponsoring Employer to continue to meet its obligations to the Plan and for the Plan to meet its future obligations to pay member benefits as they fall due. The Trustees have reviewed information available to them from the Sponsoring Employer and its advisors and as a consequence, the Trustees believe the Plan is well positioned to manage its risks successfully. In light of this the Trustees have a reasonable expectation that the Plan will continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Plan financial statements.

Plan Administrator

On 1 January 2024, the Mercer Limited UK pension administration business was acquired by Aptia UK Limited. As a result, Aptia UK Limited is now the pension administration service provider for the Plan.

Report on actuarial liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed at least every three years using the assumptions agreed between the Trustees of the Snap-on Tools Limited Pension and Benefit Plan and the Principal Employer and set out in the Statement of Funding Principles, which is available to Plan members on request.

The most recent full actuarial valuation of the Plan was carried out as at 30 April 2023. This showed that on that date;

	Actuarial Valuation
	30 April 2023
The value of Technical Provisions was	£67.8 million
The value of assets was	£77.1 million
Percentage of Technical Provisions	114%

If the Plan had been discontinued and wound up as at 30 April 2023 the Scheme Actuary estimated that there would have been sufficient assets to buy out the accrued benefits through the purchase of annuity policies with an insurer. The estimated discontinuance (or wind up) funding level was 100%, corresponding to a small surplus of £0.3 million.

The value of technical provisions is based on Pensionable Service to the valuation date and assumptions about various factors that will influence the Plan in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live. The method and significant actuarial assumptions used to determine the technical provisions at 30 April 2023 are as follows (all assumptions adopted are set out in the Addendum to the Statement of Funding Principles):

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Trustees' Report

Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Principal actuarial assumptions for valuation as at 30 April 2023	
Discount interest rate (both pre and post retirement)	Gilt Yield Curve plus 0.75% p.a
RPI Price inflation	RPI implied inflation from gilt yield curve
CPI Price inflation	RPI inflation assumption less 0.8% before 2030, RPI inflation assumption with no deduction thereafter
Salary increases	RPI inflation assumption
Pension increases in payment (RPI, max 5%)	LPI curve based on RPI inflation assumption adjusted for 5% cap per annum
Pension increases in payment (RPI, min 3%, max 5%)	LPI curve based on RPI inflation assumption adjusted for minimum 3% and maximum 5% per annum
Pension increases in payment (RPI, max 2.5%)	LPI curve based on RPI inflation assumption adjusted for 2.5% cap per annum
Pension increases in payment (CPI, max 3%)	LPI curve based on CPI inflation assumption adjusted for 3%
Mortality	S3PA (YoB) table, "middle" for females, with adjustments of: <ul style="list-style-type: none">• Non pensioners: 106% / 102% for males / females• Pensioners: 101% / 99% for males / females CMI 2022 projections with a long term improvement rate of 1.75% p.a. and smoothing parameter of 7.
Cash commutation	No allowance for cash commutation of pension at retirement

GMP equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to many other defined benefit pension schemes. The Trustees of the Plan are aware that the issue may have a significant effect on the Plan and will be considering this at future meetings and decisions will be made as to the next steps.

Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. These amounts may be material to the Plan's financial statements. The Trustees of the Plan are aware that the issue will affect the Plan and have commenced work to equalise members benefits, however as it is a complex and lengthy exercise the work is not expected to be completed until 2025.

Therefore the cost of backdating pension benefits and related interest have not been recognised in these financial statements yet. They will be recognised once the Trustees are able to reach an accurate assessment.

Following on from the original judgment, a further High Court ruling on 20 November 2020 has provided clarification on the obligations for trustees. This judgement focused on the GMP treatment of historic transfers out of members' benefits, an issue which had not been addressed in the 2018 GMP ruling. Under this ruling, trustees are required to review historic transfer values paid from May 1990 to assess if any top up payment is required to be paid to the receiving scheme, to reflect members' rights to equalised GMP benefits. At this stage, the Trustees do not yet have an estimate of the potential impact of this judgment, however the Trustees of the Plan are taking appropriate steps to implement equalisation, which is a complex and lengthy exercise.

It is not possible to accurately estimate the value of any such adjustments at this point in time though in the 2023 actuarial valuation of the Plan the Plan Actuary has included an allowance of 1.15% of the liabilities for GMP equalisation, and £0.1m for GMP equalisation in respect of past transfer from the Plan.

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Trustees' Report

Membership

The membership movements of the Plan for the year are given below:

	Actives	Deferreds	Pensioners	Total
At 1 May 2023	83	277	320	680
Adjustments	(4)	(1)	3	(2)
Retirements	(6)	(12)	18	-
Leavers with deferred benefits	(4)	4	-	-
Deaths	-	(1)	(7)	(8)
Transfers out	-	(1)	-	(1)
Spouses and dependants	-	-	2	2
Pensions commuted for cash	-	-	(2)	(2)
New retirements UFPLS	-	-	3	3
UFPLS pensions ceasing	-	-	(2)	(2)
At 30 April 2024	<u>69</u>	<u>266</u>	<u>335</u>	<u>670</u>

Pensioners include 27 (2023: 27) beneficiaries receiving a pension.

These membership figures do not include movements notified to the Administrator after the completion of the annual renewal.

There are 37 (2023: 37) pensioners valued within the insured annuity valuation. The data for this valuation is as at 30 April 2020.

The above table represents DB members who are also entitled to DC benefits, therefore DB and DC members are not shown separately.

Pension increases

Pensions in payment were increased in accordance with the Plan rules. Preserved pensions were increased in accordance with Statutory requirements. There have been no discretionary increases to pensions during the year.

Calculation of transfer values

Transfer values paid during the year were calculated and verified in the manner required by the Regulations made under Section 97 of the Pension Schemes Act 1993 and do not include discretionary benefits. None of the transfer values paid was less than the amount provided by the Regulations.

The Snap-On Tools Limited Pension and Benefit Plan

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Trustees' Report

Investment management

General

All investments have been managed during the year under review by the investment managers and AVC providers, as detailed in the Trustees, Principal Employer and Advisers section on page 1. There is a degree of delegation of responsibility for investment decisions.

For the Defined Benefit Section, the investment strategy is agreed by the Trustees after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of the fund which should be invested in the principal market sectors, the day to day management of the Plan's asset portfolio, which includes full discretion for stock selection, is the responsibility of the investment manager.

The overall investment policy for the Plan is determined in consultation with the Plan's advisers, Mercer Limited and is implemented with the specified investment managers.

The investment objective for the Defined Benefit Section is to achieve a return on investments which is consistent with the long term assumptions made by the Plan's Actuary in determining the funding of the Plan.

The strategy as at the Plan year end was to hold:

- 70.0% in investments that share characteristics with the long term liabilities of the Plan. These assets consist of government and corporate bonds.
- 30.0% in return seeking assets comprising UK, overseas and emerging market equities.
- Approximately 50% of the overseas developed market currency exposures within the overseas developed equity holdings are hedged to Sterling using forward contracts, held within pooled investment funds.

As such, the Defined Benefit Section's assets are exclusively managed by BlackRock, as detailed in the table below.

Portfolio / Asset Class	Benchmark Allocation (%)
Equity Portfolio	30.0
Developed Global Equities	12.5
Developed Global Equities (GBP Hedged)	12.5
Emerging Markets Equities	5.0
Bond Portfolio	70.0
UK Over 25 Year Index Linked Gilts	18.0
UK Over 25 Year Fixed Gilts	8.0
UK 5-15 Year Fixed Gilts	14.0
Over 15 Year Corporate Bonds	30.0
Total	100.0

During the year, the Trustee reviewed the DB Section's investment strategy and, following formal advice from the Investment Consultant (Mercer), agreed to de-risk the Plan by reducing the target allocation to developed global equities (split equally between the hedged and unhedged mandates) by 5%, in favour of an increased allocation to bonds. The Trustees also restructured the bond portfolio to better protect the DB Section's funding position against the impact of movements in interest rates and inflation on the value of the liabilities (measured on the technical provisions basis). This involved restructuring the DB Section's allocation to gilts to better match the sensitivity of the liabilities to such movements, including the introduction of an allocation to BlackRock's Aquila Life 5-15 Years UK Gilt Index Fund.

Investment principles

The Trustees have produced a Statement of Investment Principles ("SIP") in accordance with Section 35 of the Pensions Act 1995. A copy of the current SIP is provided in Appendix 1. The SIP was updated during the Plan year to reflect the Trustees' stewardship priorities, which were agreed prior to the year under review.

The main priority of the Trustees when considering the investment policy for the Defined Benefit Section is to ensure that the promises made about members' pensions may be fulfilled. The main priority of the Trustees when considering the investment policy for the Defined Contribution ("DC") Section is to make available investment funds which serve to meet the varying investment needs and risk tolerances of the members of the Plan.

The Implementation Statement required by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 which demonstrate how the statement of investment principles have been implemented is set out in the appendix on pages 62 to 77 and form part of this Trustees' Report.

Responsible investment and corporate governance

The Trustees believe that good stewardship and ESG issues, including climate change, can have a financially material impact on the risk and return outcomes of investment portfolios and should therefore be considered as part of the Plan's investment process.

The Trustees consider the Investment Consultant's assessment of how each investment manager embeds ESG considerations into its investment process and how the investment managers' responsible investment philosophies align with the Trustees' responsible investment policy. This includes the investment managers' policies on voting and engagement. The Trustees will use this assessment in decisions around selection, retention and realisation of manager appointments.

The Trustees believe that good stewardship can enhance long-term portfolio performance and is therefore in the best interests of the Plan's beneficiaries and aligned with their fiduciary duty. The Trustees accept that by using pooled investment vehicles, the Plan's voting rights are exercised by its investment managers in accordance with their own corporate governance policies. The Trustees expect the Plan's managers to take into account current best practice, including the UK Corporate Governance Code and the UK Stewardship Code, of which the Trustees are supportive. The Trustees' key stewardship themes are:

- Climate change.
- Modern slavery.

The Trustees have determined these priorities based on their ESG beliefs, taking into account the Principal Employer's strategic priorities on ESG and sustainability matters. The investment managers are aware of the Trustees' policies on stewardship and engagement.

The Trustees review an annual stewardship monitoring report, which includes details of voting and engagement activities associated with each of the funds invested in. The Trustees will challenge manager decisions that appear out of line with the investment fund's objectives or the objectives/policies of the Plan.

Equity managers who are registered in the UK are expected to report on their adherence to the UK Stewardship Code on an annual basis.

Member views and non-financially material issues are not currently explicitly taken into account in the selection, retention and realisation of investments.

Process for Choosing Investments

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.

The Trustees look to their Investment Consultant for their forward-looking assessment of a manager's ability to achieve the aims of the mandate. This view will be based on the Investment Consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Plan invests in. The Investment Consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustees and are used in decisions around selection, retention and realisation of manager appointments.

If the approach to investment process or the investment objective for a particular manager's fund changes, the Trustees will review the fund appointment to ensure it remains appropriate and consistent with the Trustees' wider investment objectives.

As the Trustees invest in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Act (as amended).

The Trustees are long term investors and are not looking to change the investment arrangements on a frequent basis.

For the open-ended Fixed Income and Equity funds, there is no set duration for the manager appointments. The Trustees will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
- The manager appointment has been reviewed and the Trustees have decided to terminate.

For DC investments, all the funds are open-ended with no set end date for the arrangement. The Fund Range and Default Strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.

The Snap-On Tools Limited Pension and Benefit Plan

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Trustees' Report

Asset Manager Evaluation

The Trustees receive investment manager performance reports on a quarterly basis, which present performance information over 3 months, 1, 3 and 5 years. The Trustees review the absolute performance, relative performance against a suitable index used as the benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis. The Trustees' focus is on long term performance but will put a manager 'on watch' if there are short term performance concerns.

If a manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the Trustees may ask the manager to review their fees – either the Annual Management Charge or any performance related fee element.

The remuneration for the investment managers used by the Plan is based on assets under management. As part of the annual Value for Money ("VfM") assessment for the DC section, the Trustees review the investment manager fees.

Code of Best Practice

The principles set out in the Code of Best Practice are high level principles which aid trustees in their investment and governance decision making. While they are voluntary, pension scheme trustees are expected to consider their applicability to their own scheme and report on a 'comply or explain' basis how they have used them.

The principles emphasise the essentials of investment governance, notably the importance of effective decision making, clear investment objectives and a focus on the nature of each scheme's liabilities. The principles also require that trustees include a statement of the scheme's policy on responsible ownership in the Statement of Investment Principles and report periodically to members on the discharge of these responsibilities.

The Trustees consider that their investment policies and their implementation are in keeping with these principles.

Asset Allocation

The Trustees invest in pooled investment vehicles. The Trustees have authorised the use of derivatives by the investment managers for efficient portfolio management purposes.

The Trustees have considered the nature, disposition, marketability, security and valuation of the Plan's investments and consider them to be appropriate relative to the reasons for holding each class of investment. More details about the Plan's investments are given in the notes to the accounts.

The following sections provide more detail on the distribution of assets for the Plan's Defined Benefit and Defined Contribution Sections.

Investment report

Defined Benefit Section Assets

The values of the units held under the investment policy at the beginning and end of the reporting year are given in the following tables. As at 30 April 2024, c.33% of total assets were invested in return seeking assets, while c.63% were invested in government and corporate bonds.

BlackRock Equity Portfolio

Investment Mandate	Value and Distribution on 30 April 2024		Value and Distribution on 30 April 2023	
	GBP	%	GBP	%
Global Equities (Hedged)	10,450,717	41.6	12,072,335	43.0
Global Equities	10,524,784	41.9	11,772,280	41.9
Emerging Market Equities	4,161,219	16.5	4,228,424	15.1
Total Assets	25,136,720	100.0	28,073,039	100.0

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Trustees' Report

BlackRock Bond Portfolio

Investment Mandate	Value and Distribution on 30 April 2024		Value and Distribution on 30 April 2023	
	GBP	%	GBP	%
Corporate Bonds (Over 15 Year)	23,328,035	46.0	23,014,796	48.2
Fixed Gilts (5-15 Year)	9,725,526	19.1	-	-
Fixed Gilts (Over 25 Year)	5,456,882	10.7	9,135,295	19.2
Index-Linked Gilts (Over 25 Year)	12,285,044	24.2	15,536,204	32.6
Total Assets	50,795,487	100.0	47,686,295	100.0

BlackRock Cash Portfolio

Investment Sector Fund	Value and Distribution on 30 April 2024		Value and Distribution on 30 April 2023	
	GBP	%	GBP	%
Cash and Commitments	1	100.0	296	100.0

Source: BlackRock. Figures subject to rounding. All numbers shown are in a bid value basis.

The Trustees regard all the investments of the Defined Benefit Section as readily marketable. In particular, all BlackRock funds mentioned above are priced and traded daily unless there are specified non-dealing days.

Defined Contribution Section Assets

The market value of the assets held in the Defined Contribution Section at the beginning and end of the reporting year are shown in the table below and in notes 11 and 18 of the financial statements.

Investment Sector Fund	Value and Distribution on 30 April 2024		Value and Distribution on 30 April 2023	
	GBP	%	GBP	%
Money Purchase Plan (With-Profit)*	3,828,160	72.4	4,336,227	75.9
L&G - Multi-asset	1,335,111	25.2	1,268,532	22.2
L&G - Cash	122,687	2.3	108,652	1.9
L&G Global Equity Market Weights 30:70	3,411	0.1	-	-
Total	5,289,369	100.0	5,713,411	100.0

Source: Prudential and LGIM.

The Trustees regard all the investments of the Defined Contribution Section as readily realisable, further noting that all funds offered in the Defined Contribution Section are pooled investment vehicles.

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Trustees' Report

Defined Benefits Investment Performance

The time-weighted investment returns for the Plan's assets were as follows:

BlackRock Equity Portfolio

	1 Year to 30 April 2024		3 Years to 30 April 2024		Since Inception to 30 April 2024 ²	
	Fund	Index	Fund	Index	Fund	Index
Investment Mandate	%	%	%	%	%	%
Global Equities(Hedged)	20.4	19.8	7.3	6.9	11.0	10.7
Global Equities	19.4	18.8	9.8	9.2	11.7	11.1
Emerging Market Equities	9.9	10.3	-2.7	-2.5	3.1	3.3
Total Equities¹	18.5	18.1	7.2	6.8	10.2	9.9

BlackRock Bond Portfolio

	1 Year to 30 April 2024		3 Years to 30 April 2024		Since Inception to 30 April 2024 ²	
	Fund	Index	Fund	Index	Fund	Index
Investment Mandate	%	%	%	%	%	%
Corporate Bonds(Over15 years)	1.5	1.4	-11.3	-11.3	-5.0	-5.0
Fixed Gilts (5-15 Year)	-	-	-	-	-4.5	-4.6
Fixed Gilts (Over 25 Year)	-9.1	-9.1	-	-	-19.8	-19.8
Index-Linked Gilts (Over 25 Year)	-17.6	-17.7	-24.9	-24.9	-16.1	-16.2
Total Bonds¹	-6.6	-6.7	-17.1	-17.1	-9.3	-9.3

Indexes utilised as benchmarks are the MSCI World Net Total Return (95% GBP Hedged), MSCI World Net Total Return (GBP), MSCI Emerging Markets Index (Net), iBoxx Sterling Non-Gilts 15+ Year Index, FTSE Actuaries UK Conventional Gilts 5-15 Years Index, FTSE Actuaries UK Conventional Gilts 25+ Year Index and the FTSE Actuaries UK Index-Linked Gilts 25+ Year Index respectively.

Total Equities and Bond Fund and Index returns based on actual allocation at the start of each month

Source: BlackRock. Figures shown are subject to rounding, net of fees and have been annualised for periods greater than 1 year.

1) Estimated by Mercer. Includes terminated mandates.

2) Inception for the Plan's investments with BlackRock's Over 25 Year Fixed Gilts mandate was July 2022 and BlackRock's 5-15 Year Fixed Gilts mandate was January 2024. Inception date for the remaining BlackRock mandates was June 2019.

DC Investment Performance

	1 Year to 30 April 2024		3 Years to 30 April 2024	
Investment Sector Fund	Fund %	Benchmark %	Fund % p.a.	Benchmark % p.a.
Prudential Money Purchase Plan (With-Profits) ¹²	7.8	-	4.7	-
L&G - Multi-Asset ¹	8.6	9.9	5.5	5.4
L&G - Cash ¹	5.1	4.7	1.6	1.4
L&G - Global Equity Market Weights 30:70 Index ¹	19.6	20.0	9.9	10.0

Source: Investment managers. Figures shown are subject to rounding and have been annualised for periods greater than one year.

1) Legal & General ("L&G") and Prudential have been unable to provide performance information to 30 April, but have provided data to 31 March 2024.

2) Performance of the underlying assets.

Review of investment performance

The Defined Benefit Section's assets returned 1.8% during the year, which is in line with the Plan's benchmark of 1.6%. The annualised return over the 3 years to 30 April 2024 was -6.5% p.a., which is above the benchmark of -6.7% p.a., The annualised return over 5 years to 30 April 2024 was 0.2% p.a., which is above the benchmark of -0.1% p.a., Total Plan returns are quoted gross of fees and longer-term returns include the performance of terminated mandates. The benchmark returns quoted were calculated using actual allocation weightings.

The Defined Contribution Section's funds with Legal & General have had mixed returns verses their benchmark over the one and three year periods to 31 March 2024 (performance data not available at 30 April 2024). The L&G Multi Asset fund underperformed the benchmark over the one-year period but outperformed over the three-years, whilst the L&G Cash fund outperformed over both periods. The L&G Global Equity Market Weights 30:70 Index fund tracked the benchmark to an acceptable degree of accuracy. Meanwhile, the bonus rates for the Prudential With Profits Fund were 2.25% for 2024 and 1.75% for 2023. This is the steady rate of return experienced by the members rather than the return of the underlying assets. These rates are published annually.

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Trustees' Report

Custodial arrangements

The custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodians' nominee companies, in line with common practice for pension scheme investments.

BlackRock has appointed J.P. Morgan as a custodian for the Emerging Market Equities Fund held within the Defined Benefit Section of the Plan. For all other Defined Benefit Section funds, BlackRock has appointed the Bank of New York Mellon as custodian.

Legal & General has appointed HSBC Securities Services and Citibank as custodian of the Plan's Defined Contribution assets.

Aptia has been appointed by the Trustees as custodian of the cash held in connection with the administration of the Plan.

Bases of investment managers' fees

The investment managers' fees based on a percentage of the market value of assets under management are as follows:

The fee basis is reviewed periodically by the Trustees.

Defined Benefit Section

Manager	Fund	Fees
BlackRock	Global Equity (Hedged)	0.11% p.a.
	Global Equity	0.08% p.a.
	Global Emerging Market Equity	0.15% p.a.
	Corporate Bonds (Over 15 Year)	0.075% p.a.
	Fixed Gilts (5-15 Year)	First £15m: 0.05% p.a. Thereafter: 0.04% p.a.
	Fixed Gilts (Over 25 Year)	First £15m: 0.05% p.a. Thereafter: 0.04% p.a.
	Index-Linked Gilts (Over 25 Year)	First £15m: 0.05% p.a. Thereafter: 0.04% p.a.

Defined Contribution Section

Manager	Asset Class	AMC	TER % p.a.
Prudential	With-Profits Fund	No explicit charges	No explicit charges
Legal & General	Multi Asset	0.35	0.48
	Cash	0.35	0.41
	Global Equity Market Weights 30:70 Index	0.35	0.49

Approval

The Trustees' Report on pages 3 to 12, and the Implementation Statement on pages 62 to 77, were approved by the Trustees and signed on their behalf by:

DocuSigned by:

...9F2D639625A8498... Trustee

Date:

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Statement of Trustees' Responsibilities

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Plan members, beneficiaries and certain other parties, audited financial statements for each Plan year which:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

The Trustees are also responsible for making available certain other information about the Plan in the form of an Annual Report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Independent Auditor's Report to the Trustees

Independent Auditor's Report to the Trustees of The Snap-on Tools Limited Pension and Benefit Plan

Opinion

In our opinion the financial statements of The Snap-on Tools Limited Pension and Benefit Plan (the 'Plan'):

- show a true and fair view of the financial transactions of the Plan during the year ended 30 April 2024 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- contain the information specified in Regulation 3A of the Occupational Pension Plans (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

We have audited the financial statements of the Plan which comprise:

- the fund account;
- the statement of net assets available for benefits; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Independent Auditor's Report to the Trustees

Responsibilities of the Trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Plan or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Plan's industry and its control environment, and reviewed the Plan's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of the Trustees, about their own identification and assessment of the risks of irregularities including those that are specific to the Plan's business sector.

We obtained an understanding of the legal and regulatory framework that the Plan operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Pension Act 1995, the Pensions Act 2004, the Occupational Pension Plans (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and the Occupational and Personal Pension Plans (Disclosure of Information) Regulations 2013; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Plan's ability to operate or to avoid a material penalty. These included the Plan's regulatory requirements.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the misappropriation of investment assets due to the significant size of investment transactions and balances. In response we have: obtained an understanding of the relevant controls over investment holdings and transactions; agreed investment holdings to independent confirmations; and agreed investment and cash reconciliations to independent sales and purchase reports and bank statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

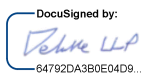
Independent Auditor's Report to the Trustees

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of the Trustees concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of Trustees' meetings.

Use of our report

This report is made solely to the Plan's Trustees, as a body, in accordance with Regulation 3 of the Occupational Pension Plans (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Deloitte LLP
Statutory Auditor
Reading, United Kingdom

Date:

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Financial Statements

Fund Account

	Note	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Employer contributions		1,464,424	131,404	1,595,828	2,234,491	129,815	2,364,306
Employee contributions		17,037	7,941	24,978	18,850	10,779	29,629
Total contributions	4	1,481,461	139,345	1,620,806	2,253,341	140,594	2,393,935
Other income	5	21,175	-	21,175	5,126	-	5,126
		1,502,636	139,345	1,641,981	2,258,467	140,594	2,399,061
Benefits paid or payable	6	(3,008,225)	-	(3,008,225)	(2,400,942)	-	(2,400,942)
Payments to and on account of leavers	7	(25,800)	-	(25,800)	(61,874)	-	(61,874)
Administrative expenses	8	(40,125)	-	(40,125)	(65,146)	-	(65,146)
Other payments	9	(83,876)	-	(83,876)	(85,665)	-	(85,665)
		(3,158,026)	-	(3,158,026)	(2,613,627)	-	(2,613,627)
Net (withdrawals)/ additions from dealings with members		(1,655,390)	139,345	(1,516,045)	(355,160)	140,594	(214,566)
Returns on investments							
Investment income	10	24,534	-	24,534	24,797	-	24,797
Change in market value of investments	11	1,160,087	254,577	1,414,664	(13,897,517)	(57,450)	(13,954,967)
Investment management expenses	12	(76,505)	-	(76,505)	(19,663)	-	(19,663)
Net returns on investments		1,108,116	254,577	1,362,693	(13,892,383)	(57,450)	(13,949,833)
Net (decrease)/ increase in the fund during the year		(547,274)	393,922	(153,352)	(14,247,543)	83,144	(14,164,399)
Transfers between sections	14	819,690	(819,690)	-	262,108	(262,108)	-
Net assets at 1 May		77,292,784	5,729,197	83,021,981	91,278,219	5,908,161	97,186,380
Net assets at 30 April		77,565,200	5,303,429	82,868,629	77,292,784	5,729,197	83,021,981

The notes on pages 19 to 32 form part of these financial statements.

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Financial Statements

Statement of Net Assets available for benefits

	Note	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Investment assets							
Pooled investment vehicles	15	75,932,207	1,461,209	77,393,416	75,759,334	1,377,184	77,136,518
Insurance policies	16	1,025,000	3,828,160	4,853,160	1,171,000	4,336,227	5,507,227
AVC investments	17	128,109	-	128,109	152,144	-	152,144
Cash		-	-	-	111,000	-	111,000
Total investments	11	77,085,316	5,289,369	82,374,685	77,193,478	5,713,411	82,906,889
Current assets	22	847,980	14,060	862,040	236,022	15,786	251,808
Current liabilities	23	(368,096)	-	(368,096)	(136,716)	-	(136,716)
Net assets at 30 April		77,565,200	5,303,429	82,868,629	77,292,784	5,729,197	83,021,981

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which takes into account such obligations for the Defined Benefit Section, is dealt with in the report on actuarial liabilities on pages 4 to 5 of the annual report and these financial statements should be read in conjunction with this report.

The notes on pages 19 to 32 form part of these financial statements.

The financial statements on pages 17 to 32 were approved by the Trustees and signed on their behalf by:

DocuSigned by:

 Trustee

Date:

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Notes to the Financial Statements

1. Identification of the financial statements

The Snap-on Tools Limited Pension and Benefit Plan (the "Plan") is an occupational pension scheme established in the United Kingdom as a trust under English law.

The Plan was established to provide retirement benefits to certain groups of employees of Snap-on UK Holdings Limited. The address of the Plan's principal office is Telford Way, Telford Way Industrial Estate, Kettering, Northamptonshire, NN16 8SN.

The Plan is a hybrid scheme, comprising a Defined Benefit Section and a Defined Contribution Section.

2. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) - The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (the SORP) (Revised June 2018).

The financial statements are prepared on a going concern basis, which the Trustees believe to be appropriate as they believe that the Plan has adequate resources to meet its obligations as they fall due for at least the next twelve months from the approval of these financial statements.

3. Accounting policies

The principal accounting policies are set out below. Unless otherwise stated, they have been applied consistently year on year.

3.1 Accruals concept

The financial statements have been prepared on an accruals basis.

3.2 Currency

The Plan's functional currency and presentational currency is Pounds Sterling (GBP).

3.3 Contributions

Employee contributions, including AVCs, are accounted for by the Trustees when they are deducted from pay by the Employer.

Employer normal contributions which are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year.

Employer deficit funding contributions are accounted for in the period to which they relate, in accordance with the Schedule of Contributions, or on receipt if earlier, with the agreement of the employer and Trustees.

3.4 Transfers

Individual transfers in or out of the Plan are accounted for when member liability is accepted or discharged which is normally when the transfer amount is received or paid.

3.5 Other income

Income is accounted for in the period in which it falls due on an accruals basis.

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Notes to the Financial Statements

3.6 Payments to members

Pensions in payment are accounted for in the period to which they relate.

Other benefits, and any associated tax liabilities, are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for on the later of the date of leaving, retirement or death and the date on which any option or notification is communicated to the Trustees. If there is no choice, they are accounted for on the date of retirement or leaving.

3.7 Administrative and other expenses

Administrative expenses are accounted for in the period in which they fall due on an accruals basis.

Investment management expenses are accounted for in the period in which they fall due on an accruals basis.

3.8 Investment income

Receipts from annuity policies are accounted for as investment income on an accruals basis.

3.9 Change in market value of investments

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

3.10 Valuation of investments

Pooled investment vehicles which are not traded on active markets, but where the investment manager has provided a daily, weekly or monthly trading price, are valued using the last bid/single price, provided by the investment manager at or before the year end.

The With-Profits fund is valued at the fund value including the terminal bonus.

Annuities purchased in the name of the Trustees which fully provide the pension benefits for certain members are shown in these financial statements at the amount of the related obligation, determined using the most recent Plan Funding valuation assumptions and methodology.

Annuity valuations are provided by the Scheme Actuary. Annuity policies are issued by the annuity providers detailed in the list of Plan advisers on pages 1 to 2.

The AVC investments comprise policies of assurance. The market value of these policies has been taken as the surrender values of the policies at the year end, as advised by the AVC provider.

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Notes to the Financial Statements

4. Contributions

	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Employer contributions:						
Normal	177,959	131,404	309,363	613,031	129,815	742,846
Other	36,465	-	36,465	63,486	-	63,486
Deficit funding	1,250,000	-	1,250,000	1,557,974	-	1,557,974
	<u>1,464,424</u>	<u>131,404</u>	<u>1,595,828</u>	<u>2,234,491</u>	<u>129,815</u>	<u>2,364,306</u>
Employee contributions:						
Normal	17,037	7,941	24,978	18,850	10,779	29,629
	<u>1,481,461</u>	<u>139,345</u>	<u>1,620,806</u>	<u>2,253,341</u>	<u>140,594</u>	<u>2,393,935</u>

In accordance with the Schedule of Contributions certified by the Scheme Actuary on 29 July 2024, the Trustees will receive an estimate from the Scheme Actuary of the funding position each quarter with an effective date of the preceding quarter-end. The funding position will be calculated using the method and assumptions as set out in the Statement of Funding Principles dated 29 July 2024, updated for market conditions at the date of the funding update and any actual experience as determined by the Scheme Actuary.

If a quarterly funding update shows a funding level of at least 105% of the Technical Provisions, the Company's contributions will change with effect from the first day of the month immediately following the Trustees confirming the funding position to the Company. The required contribution would be 16.7% of Pensionable Salaries/Core Plan Pay, but only in respect of periods, advised by the Scheme Actuary, when the funding level of the Plan is below 105% on the Technical Provisions.

Other contributions of £36,465 (2023: £63,486) are reimbursements from the Employer for the PPF Levy.

Included within Employer normal contributions above is £177,959 (2023: £186,806) of member contributions by salary sacrifice.

5. Other income

	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Interest on cash deposits held by the Trustees	<u>21,175</u>	<u>-</u>	<u>21,175</u>	<u>5,126</u>	<u>-</u>	<u>5,126</u>

6. Benefits paid or payable

	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Pensions	1,913,544	-	1,913,544	1,810,010	-	1,810,010
Commutation of pensions and lump sum retirement benefits	1,042,041	-	1,042,041	534,298	-	534,298
Lump sum death benefits	6,192	-	6,192	22,210	-	22,210
Purchase of annuities	45,799	-	45,799	22,971	-	22,971
Taxation where lifetime or annual allowance exceeded	649	-	649	11,453	-	11,453
	<u>3,008,225</u>	<u>-</u>	<u>3,008,225</u>	<u>2,400,942</u>	<u>-</u>	<u>2,400,942</u>

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Notes to the Financial Statements

7. Payments to and on account of leavers

	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Individual transfers out to other schemes	25,800	-	25,800	61,874	-	61,874

8. Administrative expenses

	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Miscellaneous expenses	3,000	-	3,000	1,000	-	1,000
Plan levies	36,465	-	36,465	63,486	-	63,486
Bank charges	660	-	660	660	-	660
	40,125	-	40,125	65,146	-	65,146

9. Other payments

	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Premiums on term insurance policies	83,876	-	83,876	85,665	-	85,665

Term insurance is secured by Aviva Limited.

10. Investment income

	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Annuity income	24,534	-	24,534	24,797	-	24,797

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Notes to the Financial Statements

11. Reconciliation of investments

Defined Benefit Section

	Market value at 1 May 2023 £	Cost of investments purchased £	Proceeds of sales of investments £	Change in market value £	Market value at 30 April 2024 £
Pooled investment vehicles	75,759,334	10,000,000	(11,125,504)	1,298,377	75,932,207
Insurance policies	1,171,000	-	-	(146,000)	1,025,000
AVC investments	152,144	47,395	(79,140)	7,710	128,109
	<u>77,082,478</u>	<u>10,047,395</u>	<u>(11,204,644)</u>	<u>1,160,087</u>	<u>77,085,316</u>
Cash	111,000			-	-
	<u>77,193,478</u>			<u>1,160,087</u>	<u>77,085,316</u>

Defined Contribution Section

	Market value at 1 May 2023 £	Cost of investments purchased £	Proceeds of sales of investments £	Change in market value £	Market value at 30 April 2024 £
Pooled investment vehicles	1,377,184	251,904	(255,864)	87,985	1,461,209
Insurance policies	4,336,227	-	(674,659)	166,592	3,828,160
	<u>5,713,411</u>	<u>251,904</u>	<u>(930,523)</u>	<u>254,577</u>	<u>5,289,369</u>

11.1 Transaction costs

Indirect transaction costs are incurred through the bid-offer spread on investments within the pooled investment vehicles. The amount of indirect costs is not separately provided to the Plan.

11.2 Defined contribution assets

Investments purchased by the Plan are allocated to provide benefits to the individuals on whose behalf corresponding contributions were paid. The investment manager holds the investment units on a pooled basis for the Trustees. The Plan administrator allocates investment units to members. The Trustees may hold investment units representing the value of employer contributions that have been retained by the Plan that relate to members leaving the Plan prior to vesting.

	2024 £	2023 £
Allocated to members	5,289,369	5,713,411
Not allocated to members	-	-
	<u>5,289,369</u>	<u>5,713,411</u>

12. Investment management expenses

	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Administration, management and custody fees	76,505	-	76,505	19,663	-	19,663

The fees above relate to charges from Blackrock.

The Snap-On Tools Limited Pension and Benefit Plan

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Notes to the Financial Statements

13. Taxation

The Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

14. Transfers between sections

The transfers between sections shown in the Fund Account relate to the transfer of funds from the Defined Contribution Section to the Defined Benefit Section which comes from Employer surplus or other funds in accordance with the Trust Deed and rules.

There was a net transfer from the Defined Contribution Section to the Defined Benefit Section of £819,690 in the year ended 30 April 2024 (2023: £262,108).

15. Pooled investment vehicles

	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Equities	25,136,720	3,411	25,140,131	28,073,039	-	28,073,039
Bonds	50,795,487	-	50,795,487	47,686,295	-	47,686,295
Multi-asset Fund	-	1,335,111	1,335,111	-	1,268,532	1,268,532
Cash Fund	-	122,687	122,687	-	108,652	108,652
	<u>75,932,207</u>	<u>1,461,209</u>	<u>77,393,416</u>	<u>75,759,334</u>	<u>1,377,184</u>	<u>77,136,518</u>

The pooled investments are held under managed fund policies in the name of the Trustees. Income generated by these units is not distributed, but retained within the managed funds and reflected in the market value of the units.

16. Insurance policies

Annuities are issued by the annuity providers and are valued by the Scheme Actuary.

	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Prudential and Legal & General	<u>1,025,000</u>	<u>3,828,160</u>	<u>4,853,160</u>	<u>1,171,000</u>	<u>4,336,227</u>	<u>5,507,227</u>

The value of £1,025,000 (2023: £1,171,000) above relates to the insured annuities as at 30 April 2024. The value of £3,828,160 (2023: £4,336,227) relates to the Money Purchase Plan (With-Profits).

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Notes to the Financial Statements

17. AVC investments

The Trustees hold assets within the main fund and also holds assets which are separately invested from the main fund in the form of individual policies of assurance. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement made up to 30 April each year, confirming the amounts held to their account and the movements during the year.

The total amount of AVC investments at the year end is shown below:

	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Legal & General Assurance Society	128,109	-	128,109	152,144	-	152,144

18. Fair value hierarchy

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities which the reporting entity can access at the assessment dates.
Level 2	Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly. Observable inputs are inputs which reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.
Level 3	Unobservable inputs for the asset or liability. Unobservable inputs are inputs which reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Plan's investment assets fall within the above hierarchy as follows:

	2024 Level 1 £	2024 Level 2 £	2024 Level 3 £	2024 Total £
Defined Benefit Section				
Pooled investment vehicles	-	75,932,207	-	75,932,207
Insurance policies	-	-	1,025,000	1,025,000
AVC investments	-	128,109	-	128,109
Cash	-	-	-	-
	-	76,060,316	1,025,000	77,085,316
Defined Contribution Section				
Pooled investment vehicles	-	1,461,209	-	1,461,209
Insurance policies	-	-	3,828,160	3,828,160
	-	1,461,209	3,828,160	5,289,369
	-	77,521,525	4,853,160	82,374,685

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Notes to the Financial Statements

18. Fair value hierarchy - continued

Analysis for the prior year end is as follows:

	2023 Level 1 £	2023 Level 2 £	2023 Level 3 £	2023 Total £
Defined Benefit Section				
Pooled investment vehicles	-	75,759,334	-	75,759,334
Insurance policies	-	-	1,171,000	1,171,000
AVC investments	-	152,144	-	152,144
Cash	111,000	-	-	111,000
	<u>111,000</u>	<u>75,911,478</u>	<u>1,171,000</u>	<u>77,193,478</u>
Defined Contribution Section				
Pooled investment vehicles	-	1,377,184	-	1,377,184
Insurance policies	-	-	4,336,227	4,336,227
	<u>-</u>	<u>1,377,184</u>	<u>4,336,227</u>	<u>5,713,411</u>
	<u>111,000</u>	<u>77,288,662</u>	<u>5,507,227</u>	<u>82,906,889</u>

19. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Plan is exposed to at the end of the reporting period. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, each of which is further detailed as follows:

- *Currency risk*: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- *Interest rate risk*: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- *Other price risk*: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

(a) Defined Benefit Section

The Trustees are responsible for determining the Plan's investment strategy. The Trustees have set the investment strategy for the Plan after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of the fund which should be invested in the principal market sectors, the day to day management of the Plan's assets, including the full discretion for stock selection, is the responsibility of the investment managers.

The Plan has exposure to the above risks because of the investments it makes to implement its investment strategy. The Trustees manage its investment risks within agreed risk limits which are set taking into account the Plan's strategic investment objectives. The investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustees through regular reviews of the investment portfolios. The investment objectives and risk limits of the Plan are further detailed in the Statement of Investment Principles (SIP).

Further information on the Trustees' approach to risk management, credit and market risk is set out below. This does not include any legacy insurance policies nor AVC investments as these are not considered significant in relation to the overall investments of the Plan.

The Plan's net assets as at 30 April 2023 and 30 April 2024 can be found in the Trustees' Annual Report and Financial Statements which these Risk Disclosures accompany.

The main priority of the Trustees when considering the investment policy for the Defined Benefit Section is to ensure that Plan members and beneficiaries receive their benefits as and when they fall due. The Trustees' secondary objective is to have regard to the Principal Employer's requirements relating to the amount and frequency of contribution to the Plan.

Full details of the Plan's investment strategy can be found in the SIP.

19. Investment risk - continued

(i) Market Risk

a. Currency Risk

The Plan is not subject to direct currency risk because all of the Plan's investments are invested in Sterling denominated pooled funds. Indirect currency risk arises from the Plan's investment in Sterling priced pooled investment vehicles which hold underlying investments denominated in foreign currency.

To limit currency risk, the Trustees have set a benchmark limit to overseas currency exposure. Accordingly, c.50% of the overseas currency exposures generated from the overseas developed market equity holdings are hedged to Sterling by investing a proportion of the assets in currency hedged versions of the pooled funds. The emerging markets exposure is not hedged. The currency hedging process is entirely managed by the manager within the pooled funds. The value of the unhedged overseas equity exposure (developed and emerging) at year end in Sterling terms was c.£14.7m (2023: c.£16.0m).

b. Interest Rate Risk

The Plan is subject to indirect interest rate risk because of its investments in pooled investment vehicles comprised of underlying holdings in bonds. Indirect market risk arises as the underlying investments of the pooled vehicles are exposed to interest rate or other price risks. The Trustees have considered indirect risks in the context of the investment strategy.

As at the Plan's year end, the Trustees have set a benchmark target of 70% of total assets in bonds as part of the overall investment strategy. Under this strategy, if gilt yields fall, the value of the Plan's bond investments should increase to help match the increase in value placed on the liabilities arising from a fall in the liability discount rate, which is derived from gilt yields. Similarly, if gilt yields rise, the bond investments should fall in value, as should the value placed on the liabilities because of an increase in the discount rate.

At the year end, the Plan's bond assets represented c.66.9% of the total investment portfolio (2023: 62.9%). This variance from the target asset allocation is deemed to be within an acceptable range and will vary depending on market movements.

c. Other Price Risk

Other price risk arises principally in relation to the Plan's return seeking portfolio which comprises pooled equity funds.

As at the year end, the Plan had set a target asset allocation of 30.0% of investments being held in return seeking investments. The Trustees seek to manage the Plan's exposure to overall price movements by constructing a diverse portfolio of investments across various equity markets.

At the year end, the return seeking portfolio represented 33.1% of the total pooled investment portfolio (2023: 37.1%). This variance from the target asset allocation is deemed to be within an acceptable range and will vary depending on market movements.

(ii) Inflation Risk

The Plan holds index linked gilts within pooled investment funds to manage the inflation risk associated with pension liability increases.

At the year end, the Plan's index linked gilts holdings represented 16.2% of the total pooled investment portfolio (2023: 20.5%).

(iii) Credit Risk

To gain market exposure in a cost effective way (in both monetary and governance terms), the Plan invests in pooled investment vehicles. Therefore, the Defined Benefit Section is directly exposed to the credit risk of these pooled investment vehicles.

The Plan is also subject to indirect credit risk because it invests in pooled investment vehicles which invest in government bonds and corporate bonds, amongst other things.

The notes below provide more detail on how this risk is managed and mitigated for the different classes.

The Snap-On Tools Limited Pension and Benefit Plan

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Notes to the Financial Statements

19. Investment risk - continued

Government bonds

Credit risk arising on bonds held indirectly as part of pooled investment vehicles is mitigated where possible by investing in government bonds whose credit risk is minimal.

Corporate bonds

Credit risk arising on corporate bonds is mitigated by investing primarily in corporate bonds which are rated at least investment grade. The Trustees consider financial instruments or counterparties to be of investment grade if they are rated at BBB or higher by Standard & Poor's or Fitch, or rated at Baa3 or higher by Moody's.

At the year end, the Plan's corporate bond holdings represented 30.7% of the total pooled investment portfolio (2023: 30.4%).

Cash balances

Credit risk arising on cash held within financial institutions is mitigated by ensuring cash is held with a diversified range of institutions which are at least investment grade.

Other investments

Credit risk arising on other investments is mitigated by investment mandates requiring all counterparties to be at least investment grade credit rated.

The Aquila Life Funds used by the Plan are comprised of unit linked insurance contracts while the Emerging Market Equity mandate is an umbrella type open-ended unit trust. The Plan's holdings in pooled investment vehicles are not rated by credit rating agencies. The Trustees manage and monitor the credit risk arising from its pooled investment arrangements by considering the nature of the arrangement, the legal structure and regulatory environment.

Direct credit risk arising from pooled investment vehicles structured as unit linked insurance contracts is mitigated by capital requirements and the Prudential Regulatory Authority's regulatory oversight. In the event of default by the insurer, the Plan may be protected by the Financial Services Compensation Scheme and may be able to make a claim for up to 100% of its policy value. The Trustees carry out due diligence checks on the appointment of new pooled investment managers, and on an ongoing basis monitor any changes to the operating environment of the pooled managers.

The information about exposures to and mitigation of credit risks as detailed above applied at both the current and previous year end.

Defined Benefit Section

Legal nature/ Mandate	Value and Distribution on 30 April 2024	
	GBP	%
Unitised Insurance Policies	71,770,988	94.5
Global Equities (Hedged)	10,450,717	13.7
Global Equities	10,524,784	13.9
Corporate Bonds (Over 15 Year)	23,328,035	30.7
Fixed Gilts (5-15 Years)	9,725,526	12.8
Fixed Gilts (Over 25 Years)	5,456,882	7.2
Index-Linked Gilts (Over 25 Year)	12,285,044	16.2
Total Open-Ended Unit Trust	4,161,219	5.5
Emerging Market Equities	4,161,219	5.5

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Notes to the Financial Statements

19. Investment risk - continued

(b) Defined Contribution Section

(i) Investment Strategy

The Trustees recognise that members of the Defined Contribution Section of the Plan have differing investment needs and that these may change during the course of members' working lives.

The Trustees believe that members should be encouraged to make their own investment decisions based on their individual circumstances. The Trustees regard their duty as making available a range of investment funds that will suit members' needs and risk tolerances through their working life.

The Trustees recognise that members may not believe themselves qualified, or may not wish to make their own investment decisions. As such, the Trustees make available a Default Investment Strategy. The Trustees acknowledge that this strategy will not meet the needs of every individual member.

(ii) Market Risk

The DC Section is subject to indirect foreign exchange, interest rate and other price risk arising from the underlying financial instruments held in the pooled funds.

- The Money Purchase Plan Pension Contract (via a With Profit Fund arrangement) and the Multi Asset Fund are exposed to indirect currency risk, interest rate risk and other price risks.
- The Cash Fund is exposed to indirect interest rate risk.
- The Global Equity Market Weights (30:70) Index is exposed to indirect foreign exchange risk and other price risk.

The Trustees have selected the above funds after considering the risks in the context of the investment strategy described above.

(iii) Credit Risk

Direct credit risk arising from the pooled investment vehicles is mitigated by Prudential and Legal & General being regulated by the Financial Conduct Authority and maintaining separate funds for its policy holders. In the event of default by Prudential or Legal & General, the Plan may be protected by the Financial Services Compensation Plan and may be able to make a claim for up to 100% of its policy value, although compensation is not guaranteed.

The DC Section is also subject to indirect credit and market risk arising from the externally managed pooled investment vehicles and their underlying investments. The risks disclosed here relate to the DC Section's investments as a whole. As members are able to choose their own investments from the range of funds offered by the Trustees, it should be noted that member level risk exposures will be dependent on the funds invested in by members.

Defined Contribution Section

	Legal nature	Value on 30 April 2024 GBP	Distribution on 30 April 2024 %
L&G Multi Asset	Insured Unit-Linked	1,335,111	91.4
L&G Cash	Insured Unit-Linked	122,687	8.4
L&G Global Equity Market Weights (30:70) Index	Insured Unit-Linked	3,410	0.2

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Notes to the Financial Statements

20. Concentration of investments

The following investments each account for more than 5% of the Plan's net assets at the year end:

	2024		2023	
	£	%	£	%
Aquila Life Over 15 Yr Corp	23,328,035	28.2	23,014,796	27.7
Aquila Life Over 25 Yr ILG Index	12,285,044	14.8	15,536,204	18.7
Aquila Life MSCI World Fund	10,524,784	12.7	11,772,280	14.2
Aquila Hedged MSCI World Index	10,450,717	12.6	12,072,335	14.5
Aquila Life 5-15 year UK Gilt Index	9,725,526	11.7	N/A	N/A
Aquila Life Over 25 Yr UK Gilt Index	5,456,882	6.6	9,135,295	11.0
Ishares Index Fund	4,161,219	5.0	4,228,424	5.1
Annuity Insurance Policy	N/A	N/A	4,336,227	5.2

21. Employer-related investments

There was no employer-related investment as at 30 April 2024 (30 April 2023: Nil).

22. Current assets

	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Contributions due from the employer in respect of:						
- Employer	120,731	13,470	134,201	114,854	15,224	130,078
- Employees	-	490	490	1,447	462	1,909
Reimbursement of insured pensions	2,017	-	2,017	-	-	-
Interest receivable	1,956	-	1,956	-	-	-
Cash deposits held	723,276	-	723,276	119,721	-	119,721
Cash deposits held with the Plan Administrator	-	100	100	-	100	100
	847,980	14,060	862,040	236,022	15,786	251,808

The contributions due as at 30 April 2024 and 30 April 2023 were received after the year end in accordance with the due date set out in the Schedule of Contributions.

23. Current liabilities

	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Pensions payable	145,921	-	145,921	-	-	-
Lump sums on retirement payable	188,059	-	188,059	80,432	-	80,432
Purchase of annuities payable	-	-	-	11,184	-	11,184
Taxation payable	34,116	-	34,116	25,100	-	25,100
Investment management expenses payable	-	-	-	20,000	-	20,000
	368,096	-	368,096	136,716	-	136,716

24. Related party transactions

(a) Entities with control, joint control or significant influence over the Plan

The costs of administration and professional fees have been met by the Principal Employer except for those detailed in note 8. In addition the Employer has reimbursed the Plan for the cost of the PPF Levy during the year amounting to £36,465 (2023: £63,486).

(b) Key management personnel of the Plan or its parent (in aggregate)

As at 30 April 2024, Mr D Johnston, Mrs Z Ebelhack and Mr P Bryan were active members and Mr A Rodi is a pensioner of the Plan. Contributions on behalf of the active members as well as pensions on behalf of pensioners are made in accordance with the Plan rules and the recommendations of the Plan's Actuary.

(c) Other related parties

The Principal Employer paid the Trustees £nil (2023: £nil) relating to the accounting year.

25. GMP equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to many other defined benefit pension schemes. The Trustees of the Plan are aware that the issue may have a significant effect on the Plan and will be considering this at future meetings and decisions will be made as to the next steps.

Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. These amounts may be material to the Plan's financial statements. The Trustees of the Plan are aware that the issue will affect the Plan and have commenced work to equalise members benefits, however as it is a complex and lengthy exercise the work is not expected to be completed until 2025.

Therefore the cost of backdating pension benefits and related interest have not been recognised in these financial statements yet. They will be recognised once the Trustees are able to reach an accurate assessment.

Following on from the original judgment, a further High Court ruling on 20 November 2020 has provided clarification on the obligations for trustees. This judgement focused on the GMP treatment of historic transfers out of members' benefits, an issue which had not been addressed in the 2018 GMP ruling. Under this ruling, trustees are required to review historic transfer values paid from May 1990 to assess if any top up payment is required to be paid to the receiving scheme, to reflect members' rights to equalised GMP benefits. At this stage, the Trustees do not yet have an estimate of the potential impact of this judgment, however the Trustees of the Plan are taking appropriate steps to implement equalisation, which is a complex and lengthy exercise.

It is not possible to accurately estimate the value of any such adjustments at this point in time though in the 2023 actuarial valuation of the Plan, the Plan Actuary has included an allowance of 1.15% of the liabilities for GMP equalisation, and £0.1m for GMP equalisation in respect of past transfer from the Plan.

26. Virgin Media vs NTL case

The Virgin Media Ltd v NTL Pension Trustees decision, handed down by the High Court on 16 June 2023, considered the implications of Section 37 of the Pension Schemes Act 1993. The appeal case was heard in June 2024 and a judgment was handed that dismissed the appeal and upheld the original ruling. The Trustee Directors will be considering possible implications with the Plan's Advisers in due course, but it is not possible at present to estimate the potential impact, if any, on the Plan.

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Independent Auditor's Statement about Contributions to the Trustees

We have examined the Summary of Contributions to The Snap-On Tools Limited Pension and Benefit Plan for the Plan year ended 30 April 2024 to which this statement is attached.

In our opinion contributions for the Plan year ended 30 April 2024 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Plan Actuary on 15 July 2021.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the Schedule of Contributions.


Respective responsibilities of Trustees and the Auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Plan's Trustees are responsible for preparing and from time to time reviewing and if necessary revising a Schedule of Contributions and for monitoring whether contributions are made to the Plan by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our report

This statement is made solely to the Trustees, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees as a body for our work, for this statement, or for the opinion we have formed.

DocuSigned by:

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Deloitte LLP
Statutory Auditor
Reading, United Kingdom

Date:

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Summary of Contributions

During the year ended 30 April 2024, the contributions payable to the Plan by the Employer under the Schedule of Contributions certified were as follows:

	Defined Benefit Section £	Defined Contribution Section £	2024 Total £
Contributions payable under the Schedule of Contributions:			
Employer contributions:			
Normal	177,959	131,404	309,363
Other	36,465	-	36,465
Deficit funding	1,250,000	-	1,250,000
	<u>1,464,424</u>	<u>131,404</u>	<u>1,595,828</u>
Employee contributions:			
Normal	<u>17,037</u>	<u>7,941</u>	<u>24,978</u>
Contributions payable under the Schedule of Contributions (as reported on by the Plan Auditor) and reported in the financial statements	<u>1,481,461</u>	<u>139,345</u>	<u>1,620,806</u>

Approved by the Trustees and signed on their behalf by:

DocuSigned by:

.....9E30639A2EAB49B..... Trustee

Date:

The Snap-On Tools Limited Pension and Benefit Plan

Annual Report for the year ended 30 April 2024

Actuarial Certificate

Certification of schedule of contributions

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 29 July 2024.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Plan's liabilities by the purchase of annuities, if the Plan were to be wound-up.

Signature	<div>Gareth Edwards</div>
Scheme Actuary	<div>Gareth Edwards</div>
Date of signing	<div>29 July 2024</div>
Name of employer	<div>Mercer Limited</div>
Address	<div>Four Brindleyplace Birmingham B1 2JQ</div>
Qualification	<div>Fellow of the Institute and Faculty of Actuaries</div>

Appendix 1:

Chair's Statement regarding the governance of defined contribution arrangements

The Annual Statement regarding Governance of the Defined Contribution Section is set out on the following 11 pages.

Snap-on Tools Limited Pension & Benefit Plan

Statement of Investment Principles

1. Introduction

The Trustees of the Snap-on Tools Limited Pension & Benefit Plan (“the Plan”) have drawn up this Statement of Investment Principles (“the Statement”) to comply with the requirements of the Pensions Act 1995 (“the Act”) and subsequent legislation. The Statement is intended to affirm the investment principles that govern decisions about the Plan’s investments. The Plan’s investment arrangements, based on the principles set out in this Statement, are outlined in the Investment Implementation Policy Document (“IIPD”), which is available to Plan members on request.

The Trustees have obtained and considered written professional advice from Mercer Limited (the “Investment Consultant”) in preparing this Statement. The Trustees believe that this meets the requirement of the Act and subsequent legislation. In matters where the investment policy may affect the Plan’s funding policy, input has also been obtained from the Plan Actuary. The Trustees will obtain similar advice whenever it reviews this Statement.

The Trustees seek to maintain a good working relationship with the Principal Employer and will discuss any proposed changes to the Statement with the Principal Employer. However, the Trustees’ fiduciary obligations to the Plan’s members will take precedence over the Principal Employer’s wishes, should these ever conflict.

The Trustees will review this Statement in response to any significant changes to any aspect of the Plan, its liabilities, finances and the attitude to risk of the Trustees and the Principal Employer that it judges to have a bearing on the Statement. This review will occur no less frequently than triennially.

2. Structure of the Plan

The Plan has both Defined Benefit (“DB”) and Defined Contribution (“DC”) Sections. This Statement covers both the DB and DC Sections.

3. Asset Management

3.1 Process for Choosing Investments

The stewardship of the Plan's investment arrangements falls into the following three main areas of responsibility:

- i. The *strategic management* of the assets, which is fundamentally the responsibility of the Trustees, acting on expert advice, and is driven by the investment objectives set out in Section 4 below.
- ii. The *day to day management* of the assets, which is largely delegated to the Trustees' selected investment managers. Details are outlined in Section 5 below, with full details in the IIPD.
- iii. The *ongoing measurement and monitoring* of the performance of the appointed managers against predetermined benchmarks. Again, this is the responsibility of the Trustees.

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.

The Trustees look to their Investment Consultant for their forward looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the Investment Consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management (amongst other things), in relation to the particular fund that the Plan invests in. The Investment Consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustees and are used in decisions around the selection, retention and realisation of manager appointments.

If the approach to investment process or the investment objective for a particular manager's fund changes, the Trustees will review the fund appointment to ensure it remains appropriate and consistent with the Trustees' wider investment objectives.

As the Trustees invest in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Act (as amended).

The trustees are long term investors and are not looking to change the investment arrangements on a frequent basis.

All of the funds in which the Plan invests are open-ended and there is no set duration for the manager appointments. The Trustees will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager.
- The manager appointment has been reviewed and the Trustees have decided to terminate – see the IIPD on realisation of assets.

For DC investments, the Fund Range and Default Strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.

3.2 Asset Manager Evaluation

The Trustees receive investment manager performance reports, as well as reports from the Investment Consultant, on a quarterly basis, which present performance information over 3 months, 1, 3 and 5 years. The Trustees review the absolute performance, relative performance against a suitable index used as the benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis. The Trustees' focus is on long term performance, but a manager will be put 'on watch' if there are short term performance concerns.

If a manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the Trustees may ask the manager to review their fees – either the Annual Management Charge or the performance related fee element (if applicable).

The remuneration for the investment managers used by the Plan is based on assets under management. As part of the annual Value for Money ("VfM") assessment for the DC Section, the Trustees review the investment manager fees.

3.3 Portfolio Turnover Cost Monitoring

The Trustees ask investment managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustees.

The Trustees do not currently define target portfolio turnover ranges for funds. However, the Trustees will engage with a manager if portfolio turnover is higher than expected. This is assessed by comparing portfolio turnover across the same asset class, on a year-for-year basis for the same manager fund, or relative to the manager's specified portfolio turnover range in the investment guidelines or prospectus.

Regarding the DC investments, the Trustees consider portfolio turnover costs as part of the annual VfM assessment.

The ability to assess the appropriateness of portfolio turnover costs is limited by the availability of data. The Trustees will monitor industry developments regarding how to assess these costs and incorporate this in future VfM assessments. Importantly, performance is reviewed net of portfolio turnover costs.

4. Investment Objectives and Risk Management

4.1 DB Section

Investment Objectives

The Trustees aim to invest the DB Section's assets in the best interests of the members and beneficiaries. The Trustees have agreed a number of objectives to help guide them in their strategic management of the assets and control the various risks to which the DB Section is exposed. The Trustees' primary objectives are as follows:

- To ensure that members and beneficiaries receive their promised benefits.
- To pay due regard to the Principal Employer's requirements relating to the amount and frequency of contributions to the DB Section.

At the latest actuarial valuation, the Actuary assumed that the DB Section's assets will achieve an investment rate of return on assets which exceeds that available from gilts. Based on advice from the Investment Consultant about realistic long-term assumptions, the Trustees expect the investment return resulting from the strategy adopted to at least meet the prudent expectations of the Actuary.

Risk

The Trustees recognise that it is not necessarily possible, or even desirable, to select investments that exactly match the DB Section's estimated liabilities. Given the ongoing commitment of the Principal Employer, a degree of investment risk can be taken on, in the expectation of generating excess returns relative to the lowest risk strategy, since it is also acceptable to the Principal Employer.

The Trustees are aware that accepting a degree of investment risk means that there is a chance that one or more of the Trustees' objectives will not be met. Accordingly, the Trustees have considered the following risks to which the DB Section is exposed:

- The risk of deterioration in the DB Section's ongoing funding level. Volatility in the DB Section's funding level may be minimised by adopting a "least risk" investment strategy (i.e. one invested entirely in government bonds, whose value best matches fluctuations in the liabilities). However, in order to seek higher returns the Trustees must, to some extent, invest in riskier assets. This increases the risk that the funding level will deteriorate and may also increase the short-term volatility of the Principal Employer's contribution rate.
- The risk of a shortfall of assets relative to the liabilities, as determined if the DB Section were to wind up.
- The risk that the day-to-day management of the assets will not achieve the rate of investment return within each asset class expected by the Trustees.

The Trustees have taken advice on these issues from the Investment Consultant and the Plan Actuary. The Trustees have also held related discussions with the Principal Employer.

The Trustees' willingness to take investment risk is dependent on the continuing financial strength of the Principal Employer and its willingness to contribute appropriately to the DB Section. The financial strength and perceived commitment of the Principal Employer to the DB Section is monitored and the Trustees will review the level of investment risk relative to the liabilities should either of these deteriorate.

There are various risks to which any pension plan is exposed. The Trustees consider the risks set out below to be financially material to the DB Section and has therefore adopted various policies in order to manage these risks over the DB Section's anticipated lifetime:

- The risk arising through a mismatch between the DB Section's asset and liabilities. The Trustees aim to mitigate this risk by investing a proportion of the DB Section's assets in instruments that are expected to react in a similar way to movements in long term interest rates and inflation expectations as the DB Section's liabilities.
- The Trustees also recognise the market risk associated with the different asset classes in which the DB Section invests. The Trustees believe that diversification by asset class limits the impact of any single risk. The Trustees therefore aim to ensure that the asset allocation policy in place results in an adequately diversified portfolio. Due to the size of the DB Section's assets, and recognising the need to diversify, investment exposure is obtained via pooled vehicles.
- The Trustees acknowledge that currency risk may also arise due to investment in overseas markets and has sought to mitigate this risk by establishing a currency hedging policy (details of which are outlined in the IIPD).
- The Trustees recognise that there is a risk associated with holding assets that cannot easily be sold, should the need arise, and therefore looks to invest in funds which are readily marketable. Where this is not the case, consideration is given to the overall liquidity of the DB Section's assets, with the aim of ensuring that there is sufficient liquidity to meet the DB Section's ongoing cash flow requirements.
- The Trustees believe that Environmental, Social and Governance ("ESG") issues, including climate change, may have substantive impacts on the global economy and therefore investment returns. The Trustees seek to minimise the risks associated with such issues by taking them into account in the selection, retention and realisation of investment managers. Section 7 of this Statement documents the Trustees' policy on ESG integration.

The Trustees acknowledge that the above list of risks is not exhaustive and it is not possible to monitor all risks at all times. However, the Trustees only seek to take on those risks it expects to be rewarded for over time, in the form of excess returns, in a diversified manner.

Investment Strategy

The exact details of the DB Section's investment strategy are outlined in the IIPD. The Trustees implement an investment strategy consistent with its investment objectives. The Trustees believe that the investment risk arising from the investment strategy is consistent with the overall level of risk being targeted.

4.2 DC Section

Investment Objectives

The Trustees recognise that members of the DC Section of the Plan have differing investment needs and that these may change during the course of members' working lives.

The Trustees believe that members should be encouraged to make their own investment decisions based on their individual circumstances. The Trustees regard their duty as making available a range of investment funds that will suit members' needs and risk tolerances through their working life.

The Trustees recognise that members may not believe themselves qualified, or may not wish to make their own investment decisions. As such, the Trustees make available a Default Investment Strategy. The Trustees acknowledge that this strategy will not meet the needs of every individual member.

Risk Management and Measurement

The Trustees have considered investment risk for the Defined Contribution Section of the Plan from a number of perspectives. These are set out in the table below:

Risk		Description	How is the risk monitored and managed?
Market risks	Inflation risk	The risk that the investment return over members' working lives does not keep pace with inflation and that members' assets are therefore not sufficient to secure an adequate pension.	The Trustees make available a range of funds, across various asset classes, with the majority expected to keep pace with inflation.
	Currency risk	The risk that fluctuations in foreign exchange rates cause the value of overseas investments to fluctuate.	
	Credit risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	Members are able to set their own investment allocations, in line with their risk tolerances.
	Equity, property and other price risk	The protection of capital, over at least the medium-term (i.e. periods over 3 years), is fundamental in supporting the long-term growth of members' individual accounts. The value of securities, including equities and interest bearing assets, can go down as well as up. Members may not get back the amount invested.	Within active funds, management of many of these market risks is delegated to the fund manager.

Risk	Description	How is the risk monitored and managed?
Environmental, Social and Corporate Governance risk	The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on the return generated by the Plan's assets.	<p>The management of ESG related risks is delegated to the investment manager.</p> <p>The Trustees' responsible investment and corporate governance statement is contained in section 7 of this document.</p>
Investment Manager risk	The risk that the investment manager underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	The Trustees regularly review the performance of the investment funds.
Liquidity risk	The risk that the members' investments do not provide the required level of liquidity and members are unable to realise their investments.	Members invest in a range of daily dealt pooled investment vehicles that facilitate the availability of assets to meet benefit outflows.
Pension Conversion risk	The risk that the purchasing power of members' assets falls relative to how they wish to take benefits at retirement, or that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	<p>The Trustees make available three lifestyle strategies for DC members.</p> <p>Lifestyle strategies automatically switch member assets into investments whose value is expected to be less volatile relative to how the member wishes to access their pension savings as they approach retirement age.</p> <p>Members are communicated with in the lead up to retirement, reminding them of the need to assess their retirement options.</p>

The Trustees have considered these risks when choosing the funds to make available to members. The Trustees believe that the investment strategy for the Defined Contribution Section of the Plan is appropriate for meeting the risks outlined above.

The Trustees pay close regard to the risks which may arise from the lack of diversification of investments. The Trustees believe that the choice of funds in place provide an adequately diversified distribution of assets.

The Trustees recognise that many of these risks are inherent to investing and understand that the above list is not exhaustive.

Investment Strategy

The Trustees have selected a range of investment options for members to utilise in structuring their assets according to their individual objectives. Details of the fund options, including the investment strategies of the default option, can be found in the IIPD.

4.3 Default Investment Option for the DC Section

Typically, a proportion of members will actively choose the default option because they feel it is most appropriate for them. However, it is expected that the vast majority of members will not make an active investment decision and will therefore automatically be invested in the default option.

The default option aims to generate investment returns over the working lives of members and has been designed for members who want to take their savings as cash when they retire.

Objectives of the default option

The Trustees' objectives in relation to the default option, and the ways in which the Trustees seek to achieve these, are detailed below:

- To provide long-term investment growth through exposure to a diversified range of asset classes, with some protection against inflation erosion, as well as an element of diversification to reduce volatility and downside risk.

The lifestyle investment strategy offers members the potential to grow the pension pot in the long term, by investing in a diversified range of assets.

- To counter the greater impact of investment risk on member outcomes, as retirement savings grow, and reduce investment risk as each member approaches retirement.

As a member gets closer to retirement the member's pension pot is gradually moved into lower risk funds in order to provide capital protection. This is achieved via automated lifestyle switches over a three year switching period. This strategy aims to reduce the risk of a sharp fall in markets reducing the value of a member's pension pot as the member approaches retirement.

- To offer to members a portfolio of assets at retirement that are appropriate for an individual intending to take their pension pot as cash.

At the selected retirement date, 100% of the member's assets will be invested in a cash fund, which is the expected method of taking benefits given the nature of the membership.

Policies in relation to risk management of the default option

In designing the default option, the Trustees have explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members. In particular, when reviewing the investment strategy of the default investment option, the Trustees consider risk quantitatively, in terms of the variability of investment returns and potential retirement outcomes for members. From a qualitative perspective, the Trustees also consider risk in terms of the (mis)alignment of investments with the retirement benefits targeted by the default investment option.

In arriving at their investment strategy for the default investment option the Trustees have considered investment risk from a number of perspectives. These are:

Risk	Description	How is the risk monitored and managed?
Market risks	Inflation risk The risk that the investment return over members' working lives does not keep pace with inflation and members' assets are therefore not sufficient to secure adequate retirement benefits.	The default option has an explicit allocation to assets that are expected to outperform inflation over the long term. The Trustees monitor performance of the growth phase against inflation.
	Currency risk The risk that fluctuations in foreign exchange rates cause the value of overseas investments to fluctuate.	The strategy for the default option is set with the intention of diversifying these risks, to reach a level of risk deemed appropriate. The default option is a lifestyle strategy, which automatically and gradually reduces the level of investment risk
	Credit risk The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	members are exposed to as they approach retirement. The strategy is outsourced to Legal & General.
	Equity, property and other price risk The risk that investment market movements lead to a substantial reduction in the anticipated level of the benefit.	Within active funds, the management of many of these market risks is delegated by Legal & General to the underlying investment manager.

Risk	Description	How is the risk monitored and managed?
Environmental, Social and Corporate Governance risk	The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on the return generated by the Plan's assets.	Managed in the manner set out in Section 4.2.
Investment Manager risk	The risk that the investment manager underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	Managed in the manner set out in Section 4.2.
Liquidity risk	The risk that the Plan's assets cannot be realised at short notice, in line with member demand.	Managed in the manner set out in Section 4.2.
Pension Conversion risk	The risks that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	<p>The default option is a lifestyle strategy which automatically switches member assets into investments whose value is expected to be less volatile relative to cash as the member approaches retirement age.</p> <p>As part of the triennial default strategy review, the Trustees ensure the default destination remains appropriate.</p>

The above items are in relation to what the Trustees consider 'financially material considerations' specifically related to the default option. The Trustees believe the appropriate time horizon for which to assess these considerations should be viewed at a member level. This will be dependent on the member's age and when they expect to retire. It is partly for this reason that the default investment option is a lifestyle strategy.

Suitability of the default option

Based on the Trustees' understanding of the Plan's membership, an investment strategy that targets a cash lump sum at retirement is expected to be broadly appropriate to meet a typical member's requirements for income in retirement. This does not mean that members have to take their benefits in this format at retirement, it merely determines the investment strategy that will be in place pre-retirement.

Assets in the default option are invested in the best interests of members and beneficiaries, taking into account the profile of members. Considering the demographics of the Plan's membership and the Trustees' views of how the membership might behave at retirement, the Trustees believe that the current default option is appropriate and will continue to review this regularly, and more strategically at least triennially, or after significant changes to the Plan's demographic (if sooner).

5. Day to Day Management of the Assets

5.1 DB Section and DC Section

The Trustees delegate the day to day management of the assets to a number of investment managers. The Trustees have taken steps to satisfy themselves that the managers have the appropriate knowledge and experience to manage the Plan's investments and that they are carrying out their work competently.

Each investment manager is regulated by a recognised authority body and the Trustees assess the suitability of regulation in place prior to investing with any manager.

The Trustees review the continuing suitability of the Plan's investments, including the appointed managers, which may be adjusted from time to time.

Details of the appointed managers for the DB and DC Sections, as well as the investment options available for the DC Section, can be found in the IIPD.

5.2 Additional Voluntary Contributions

Arrangements in respect of members' Additional Voluntary Contributions are set out in the IIPD.

6. Realisation of Investments

In general, the Plan's investment managers have discretion over the timing of realisations of investments and in considerations relating to the liquidity of those investments, within the parameters stipulated in the relevant appointment documentation and pooled fund prospectuses.

The investment managers are responsible for generating any cash required to pay benefits and other expenditure on the instruction of the Trustees.

7. Responsible Investment and Corporate Governance

The Trustees believe that good stewardship and ESG issues, including climate change, can have a financially material impact on the risk and return outcomes of investment portfolios and should therefore be considered as part of the Plan's investment process.

The Trustees consider the Investment Consultant's assessment of how each investment manager embeds ESG considerations into its investment process and how the manager's responsible investment philosophy aligns with the Trustees' responsible investment policy. This includes the investment managers' policy on voting and engagement. The Trustees will use this assessment in decisions around selection, retention and realisation of manager appointments.

The Trustees believe that good stewardship can enhance long-term portfolio performance and is therefore in the best interests of the Plan's beneficiaries and aligned with fiduciary duty. The Trustees accept that by using pooled investment vehicles, the Plan's voting rights are exercised by its investment managers in accordance with their own corporate governance policies. The Trustees expect the Plan's managers to take into account current best practice, including the UK Corporate Governance Code and the UK Stewardship Code, of which the Trustees are supportive. The Trustees' key stewardship themes are:

- Climate change.
- Modern slavery.

The Trustees have determined these priorities based on their ESG beliefs, taking into account the Principle Employer's strategic priorities on ESG and sustainability matters. The investment managers are aware of the Trustees' policies on stewardship and engagement.

The Trustees review an annual stewardship monitoring report, which includes details of voting and engagement activities associated with each of the funds invested in. The Trustees will challenge manager decisions that appear out of line with the investment fund's objectives or the objectives/policies of the Plan.

Equity managers who are registered in the UK are expected to report on their adherence to the UK Stewardship Code on an annual basis.

Member views and non-financially material issues are not currently explicitly taken into account in the selection, retention and realisation of investments.

8. Compliance with and Review of this Statement

The Trustees will monitor compliance with this Statement regularly.

The Trustees will review the Statement at least every three years and without delay after any significant changes in investment policy. The Statement will also be reviewed in response to any material changes to any aspects of the Plan, its liabilities, finances and the attitude to risk of the Trustees and the Principal Employer which they judge to have a bearing on the stated investment policy. Any such review will be based on written expert investment advice and the Principal Employer will be consulted.

For and on behalf of the Trustees of the Snap-on Tools Limited Pension & Benefit Plan

Dates of review and amendment:

- Drafted August 2010
- Amended September 2012
- Amended October 2014
- Amended September 2019
- Amended August 2020
- Reviewed September 2021
- Amended February 2024

Snap-on Tools Limited Pension & Benefit Plan ('the Plan')

Annual Implementation Statement for the Year Ended 30 April 2024

1. Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ("SIP") produced by the Trustees has been followed during the year to 30 April 2024 (the "**Plan Year**"). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

Sections 2.1 and 2.2 of this statement set out the investment objectives of the Plan and the changes which have been made to the SIP during the Plan Year.

Section 2.3 of this statement sets out how, and the extent to which, the policies in the Defined Benefit ("DB") Section and Defined Contribution ("DC") Section of the SIP have been followed.

Sections 3 and 4 include information on the engagement and key voting activities of the Plan's appointed investment managers.

The latest SIP, covered in this Implementation Statement, is available online at [Pension-and-Benefit.pdf \(snapon.co.uk\)](https://snapon.co.uk/Pension-and-Benefit.pdf).



2. Statement of Investment Principles

2.1. Investment Objectives of the Plan

The Trustees believe it is important to consider the policies in place in the context of the objectives they have set.



The Trustees' objective is to invest the DB Section's assets in the best interests of the members and beneficiaries. The Trustees have agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which the Plan is exposed. The Trustees' primary objectives are as follows:

- To ensure that members and beneficiaries receive their promised benefits.
- To pay due regard to the Principal Employer's requirements relating to the amount and frequency of contributions to the DB Section.

At the latest actuarial valuation, the Actuary assumed that the DB Section's assets will achieve an investment rate of return on assets which exceeds that available from government bonds. Based on advice from the Investment Consultant about realistic long-term assumptions, the Trustees expect the investment return resulting from the strategy adopted to at least meet the prudent expectations of the Actuary.



For the DC section of the Plan, the Trustees recognise that members have different investment goals and that these may change during the course of their working lives. They also recognise that members have different attitudes to risk. The Trustees' objective is to make available a range of investment options which seek to allow members to set an investment strategy that meets their needs and risk tolerances. The Trustees also recognise that members may not believe themselves qualified to take investment decisions. As such, the Trustees make available a Default Lifestyle Option.

2.2. Review of the SIP



The current SIP is dated February 2024.

The SIP was updated in February 2024 to reflect the Trustees' stewardship priorities, which were agreed prior to the year under review.

2.3. Assessment of how the policies in the SIP have been followed for the Plan Year

The information provided in this section highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP, relating to the DB Section and DC Section of the Plan.



In summary, it is the Trustees' view that the policies in the SIP have been followed during the Plan Year.



Investment Mandates

Securing compliance with the legal requirements about choosing investments

Policy

As required by legislation, the Trustees consult a suitably qualified person when making investment selections by obtaining written advice from the Investment Consultant.

How has this policy been met over the Plan Year?



The Trustees reviewed the DB Section's investment strategy over the year and, following formal advice from Mercer, agreed to de-risk the DB Section's investment arrangements by transferring 5% of the DB Section's assets from equities to bonds. This involved the introduction of a strategic allocation to a new fund, BlackRock's Aquila Life 5-15 Years UK Gilt Index Fund. The Trustees received advice from Mercer regarding the suitability of the Fund prior to the point of investment.

There were no changes to the DC Section's investments over the Plan Year. The Trustees have historically received advice in line with the Pensions Act 1995 (as amended) when making investment selections.

Realisation of Investments

Policy

The Trustees' policy is that there should be sufficient liquidity within the Plan's assets to meet short term cashflow requirements in the majority of foreseeable circumstances, so that realisation of assets will not disrupt the Plan's overall investment policy.



How has this policy been met over the Plan Year?

All funds are daily-dealt pooled investment arrangements, with assets mainly invested on regulated markets. As such, assets should be realisable at short notice.

Disinvestments are applied in order to tighten the asset allocation towards the strategic target.



How has this policy been met over the Plan Year?

All funds used by the DC Section are daily-dealt pooled investment arrangements, with assets mainly invested on regulated markets. As such, assets should be realisable at short notice, based on member demand. There were no liquidity concerns arising in respect of the Plan's investment fund holdings over the Plan Year.



Environmental, Social and Governance (“ESG”)

Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments

Policy

The Plan’s SIP outlines the Trustees’ beliefs on ESG factors (including climate change). Further details are included in Section 7 (Responsible Investment and Corporate Governance) of the SIP, which applies to the DB and DC Sections of the Plan. The Trustees keep their policies under regular review.

How has this policy been met over the Plan Year?



The Trustees have given the appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, in particular in relation to the selection, retention, and realisation of underlying investments. In order to monitor the extent to which ESG factors are integrated into the managers’ investment decision making, the Trustees review the Mercer ESG ratings assigned to the strategies in which the Plan invests. Such ratings were also considered as part of the annual Value for Members Assessment in respect of the DC Section in respect of the Plan Year.

In addition, the Trustees have asked managers to comment on these areas when they have presented at meetings, however no such instances have occurred over the year. All managers remained generally highly rated during the year. When implementing a new manager, the Trustees consider the ESG fund rating of the manager.

The Trustees do not require the Plan’s investment managers to take non-financial matters into account in their selection, retention and realisation of investments.



Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustees would monitor and engage with relevant persons about relevant matters)

Policy

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Plan's investments to the investment managers. Further details are set out in Section 7 (Responsible Investment and Corporate Governance) of the SIP, which applies to the DB and DC Sections of the Plan. In addition, it is the Trustees' policy to obtain reporting on voting and engagement and to periodically review the reports to ensure the policies are being met.

How has this policy been met over the Plan Year?



The voting and engagement summary reports from the Plan's investment managers were provided to the Trustees for review to ensure that they were aligned with the Trustees' policy during the Plan Year. Outside of those exercised by the investment managers on behalf of the Trustees, no other engagement activities were undertaken and the Trustees do not use the direct services of a proxy voter.

Section 3 includes examples of engagement activity undertaken by the Plan's investment managers, while section 4 sets out a summary of voting activity and the most significant votes cast on behalf of the Trustees.

The Trustees support the aims of the UK Stewardship Code and the investment managers are encouraged to report their adherence to the Code. All of the Plan's investment managers within the DB and DC Sections are currently signatories to the current UK Stewardship Code.



Monitoring the Investment Managers

Incentivising asset managers to align their investment strategies and decisions with the Trustees' policies

Policy

The Trustees' policy is set out in Section 3 (Asset Management) of the SIP, which applies to the DB and DC Sections of the Plan.

How has this policy been met over the Plan Year?



As the Trustees invest predominately in pooled investment funds, they accept that they cannot specify the risk profile and return targets for these funds. However, the Trustees have continued to review the appropriateness of the funds to ensure that they are aligned with the investment strategies being targeted.

Evaluation of asset managers' performance and remuneration for asset management services

Policy

The Trustees' policy is set out in Section 3 (Asset Management) of the SIP, which applies to the DB and DC Sections of the Plan.

How has this policy been met over the Plan Year?



Over the year, the Trustees have received quarterly investment performance reports which show performance (versus relevant benchmarks and targets where appropriate) over shorter and longer-term periods. Performance was also considered as part of the annual Value for Members assessment carried out in respect of the DC Section. There were no performance concerns over the Plan Year.



Monitoring the Investment Managers

Monitoring portfolio turnover costs

Policy

The Trustees' policy is set out in Section 3 (Asset Management) of the SIP, which applies to the DB and DC Sections of the Plan.



How has this policy been met over the Plan Year?

The Trustees do not explicitly monitor portfolio turnover costs with respect to the DB Section of the Plan. Performance was reported and evaluated net of all fees and transaction costs (costs incurred as a result of buying and/or selling assets). In addition, where possible, performance objectives have been set on a net basis. This provides an incentive for the manager to keep portfolio turnover costs to the minimum required to meet or exceed their objectives.



How has this policy been met over the Plan Year?

The Trustees consider the level of transaction costs as part of the annual Value for Members assessment. There were no concerns raised in relation to transaction costs as part of last year's assessment, but 2024's has not been conducted yet at the time of writing, being scheduled to occur in late 2024.

Given that the Plan invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustees do not have an overall portfolio turnover target for the Plan.

The duration of the arrangements with asset managers

Policy

The Trustees are long-term investors and do not seek to change the investment arrangements on a frequent basis. Further details of the Trustees' policy are set out in Section 3 (Asset Management) of the SIP, which applies to the DB and DC Sections of the Plan.

How has this policy been met over the Plan Year?



No changes were made to the appointed investment managers during the Plan Year. The Trustees remain comfortable with the Plan's appointed investment managers.



Strategic Asset Allocation

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments



Policy

The Trustees' policy on the kinds of investments to be held and the balance between different kinds of investments can be found under Section 4 (Investment Objectives and Risk Management) of the SIP.

How has this policy been met over the Plan Year?

The Trustees review the DB Section's investment strategy from time to time to determine whether the targeted levels of risk and return remain appropriate.

As already mentioned, the Trustees reviewed the DB Section's investment strategy over the year and, following formal advice from Mercer, agreed to de-risk the DB Section's investment arrangements by transferring 5% of the DB Section's assets from equities to bonds. This switch was implemented in January 2024, resulting in a strategy comprising a 30% strategic target allocation to equities and 70% allocation to bonds. The de-risking led to a reduction in the DB Section's allocation to developed global equities (split equally between the hedged and unhedged mandates).

The Trustees also used this opportunity to restructure the bond portfolio to better protect the DB Section's funding position against the impact of movements in interest rates and inflation on the value of the liabilities (measured on the technical provisions basis). This involved restructuring the DB Section's allocation to gilts to better match the sensitivity of the liabilities to such movements, including the introduction of an allocation to BlackRock's Aquila Life 5-15 Years UK Gilt Index Fund.

The Trustees receive quarterly investment performance reports which monitor the risk and return of the funds used within the DB Section of the Plan.



Policy

The Trustees' policy on the kind of investments to be held and the balance between different kinds of investments can be found under Section 4 (Investment Objectives and Risk Management) of the SIP.

The Default Lifestyle Option has been designed after careful analysis of the membership demographic and other characteristics in order to offer a suitable approach, in so far as is practical, to the needs of the Plan's members. The Trustees carry out regular assessments of the performance of the Default Lifestyle Option and its design to ensure it continues to remain appropriate for the membership.

The Trustees recognises that the Default Lifestyle Option will not meet the needs of all members and as such, alternative investment options are available for members to choose from, including a range of self-select funds. This approach remained unchanged during the Plan Year.

How has this policy been met over the Plan Year?

The strategic asset allocation of the Default Lifestyle Option is reviewed on a triennial basis, with expected risk and return requirements being considered as part of the review. The date of the last review was April 2023. A review of the self-select options also formed part of the triennial investment review. No changes were made as a result of this review.

The Trustees received a quarterly investment performance report over the year which monitors the risk and return of the funds used within the DC Section.

Investment performance was also assessed as part as the annual Value for Members assessment to ensure that members are invested in funds providing commensurate value.



Strategic Asset Allocation

Risks, including the ways in which risks are to be measured and managed

Policy

The Trustees recognise a number of risks involved in the investment of the assets of the DB and DC Sections and that the choice and allocation of investments can help to mitigate these risks. Details of these risks and how they are measured and managed can be found under Section 4 (Investment Objectives and Risk Management) of the SIP



How has this policy been met over the Plan Year?

The risk inherent within the DB Section's investment arrangements remains consistent with the Trustees' risk appetite. The Trustees only take on those risks they expect to be rewarded for over time, in the form of excess returns, in a diversified manner. The Trustees receive quarterly investment performance reports that help monitor the risk and return of the funds used within the DB Section of the Plan. The report considers both quantitative and qualitative measures of risk.

The overall risk to which the DB Section is exposed decreased over the Plan year, following the implementation of de-risking.



How has this policy been met over the Plan Year?

Members can combine the investment funds in any proportion in order to achieve the desired level of return and risk, in line with their own attitude and risk tolerance.

Within the Default Lifestyle Option, the strategic asset allocation is set to achieve the expected return required to meet the objective.

The asset allocation of the Default Lifestyle Option is reviewed on a triennial basis, in line with regulatory requirements. As already mentioned, the date of the last review was April 2023. The review considered the diversification of the underlying fund structure, projected fund values for different demographics of the membership, as well as wider market trends at retirement.

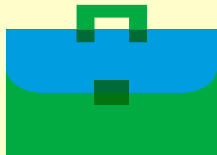
No changes were made to the Default Lifestyle Option over the course of the year, with the strategy still targeting cash at retirement.

3. Engagement Activity by the Plan's Equity and Diversified Growth Fund Investment Managers

The following are examples of engagement activity undertaken by the Plan's investment managers.



BlackRock's engagement with U.S. airlines



In 2023, BlackRock engaged with various U.S. airlines to discuss how they consider physical climate-related risks to their business models, among other topics. These risks can be driven by extreme weather events or longer-term shifts in climate patterns. Physical climate-related risks may be material for companies through possible direct damage to assets and operations or by disrupting supply chains. The U.S. airline industry could be impacted given the large number of airports located next to bodies of water throughout the country, as well as the general impact of weather events on flight routes and broader operations.

In line with the recommendations of the Taskforce on Climate-Related Financial Disclosures to evaluate different risks and opportunities that may arise in various climate scenarios, airlines have bolstered their reporting and identified a range of implications across flooding impacts on airports, extreme heat affecting workers and infrastructure, and potential increases in high impact storms. As airlines have long-term capital planning cycles, many investments made today will account for future expectations of the possible impacts of physical climate-related risks and opportunities. From BlackRock's engagements, they learned how U.S. airlines are factoring these risks into their contractual relationships with airports and long-term strategic planning.



LGIM's engagement for change on climate

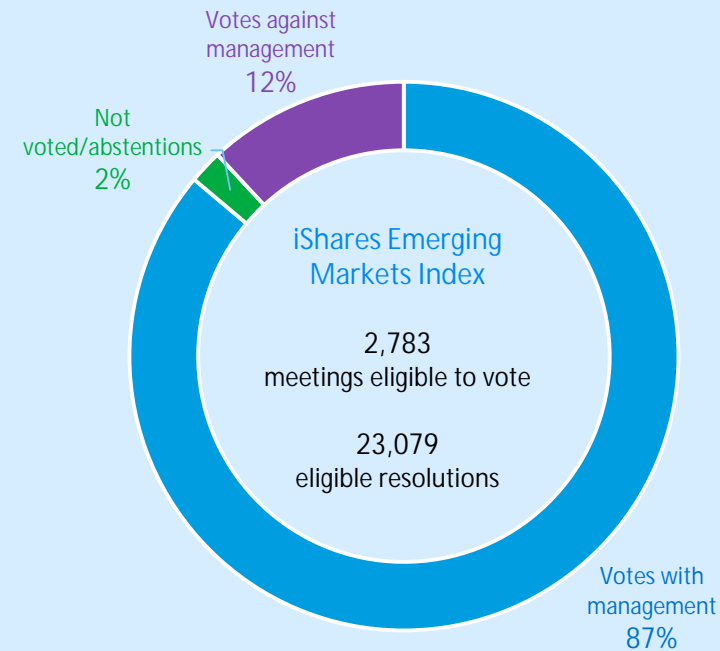
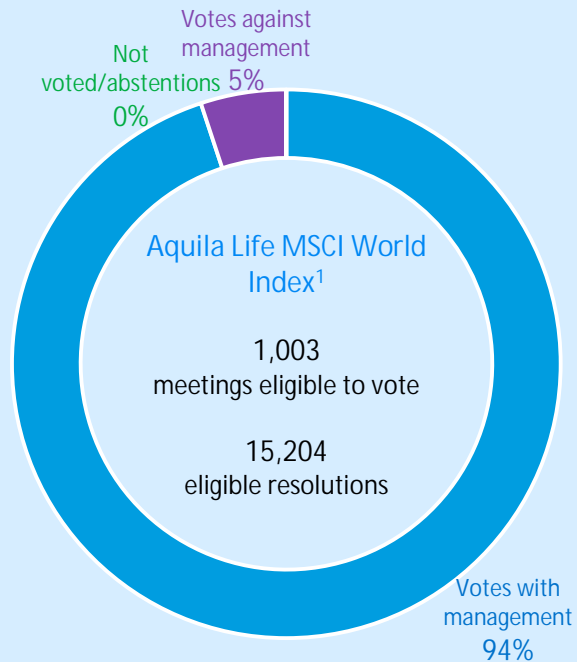
Under LGIM's Climate Impact Pledge, some 300 companies were identified by their quantitative assessment for voting sanctions due to not meeting LGIM's minimum standards.

Throughout 2022 and 2023, LGIM almost doubled the number of companies they engage with directly under the Pledge to over 100; these are companies LGIM believe can be 'dial-movers' on climate action in their sectors, given their size and potential to galvanise action.



4. Voting Activity during the Plan Year

Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DB Section of the Plan. Due to unavailability of data at the time writing, the reported votes are relative to the 1 April 2023 – 31 March 2024 period.



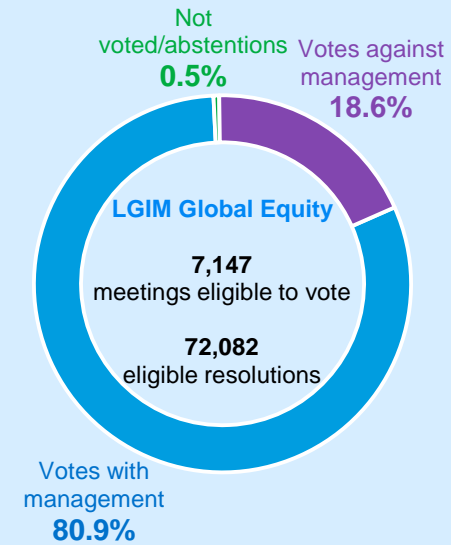
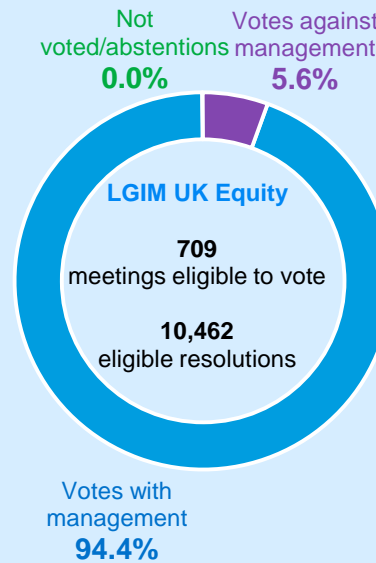
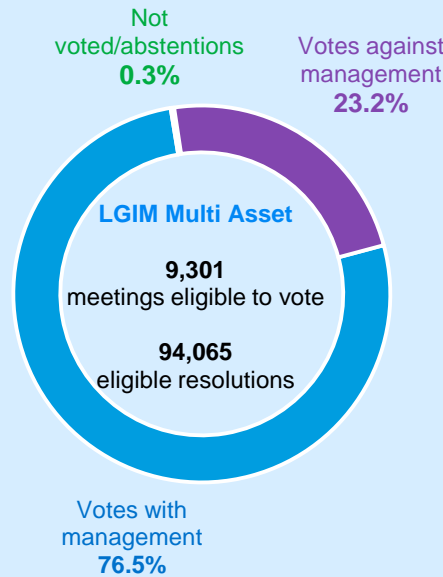
Source: BlackRock. Data may not sum due to rounding.

¹ Same voting data is applicable to the currency hedged version of the Fund.

Voting Activity during the Plan Year



Set out below is a summary of voting activity for this reporting period relating to the relevant strategies (those that contain equities) in the DC Section of the Plan.





Significant votes



Following the Department of Work and Pensions' consultation response and outcome regarding Implementation Statements on 17 June 2022, updated guidance was produced which is effective for all scheme year ends on or after 1 October 2022. The updated guidance requires trustees to include a description of what constitutes a significant vote within Implementation Statements (amongst other things). The Trustees' significant vote definition is based on the following key stewardship themes/priorities:

- Environmental: Climate change
- Social: Modern slavery

The Trustees determined these priorities based on their ESG beliefs, taking into account the Principal Employer's strategic priorities on ESG and sustainability matters. The investment managers are aware of the Trustees' policies on stewardship and engagement.

The Trustees only consider a vote to be significant if it relates to a holding that represents at least 1% of the relevant fund (where data is available).

Based on the Trustees' definition, and the data provided by the investment managers at the time of writing, there were no significant votes in respect of the DB Section over the period 1 April 2023 – 31 March 2024.



Most significant votes



LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares.

LGIM's voting behaviour was aligned with the scheme's stewardship priorities. The Trustees will challenge manager decisions that appear out of line with the investment fund's objectives or the objectives/policies of the Plan.

LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

The Trustees have agreed that what constitutes a significant vote in the section below are any votes:

- That make up at least 1% of the total fund's portfolio, and
- That are related to climate change or modern slavery

LGIM's Proxy Voting Policy

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

						 Voted against management	 Voted with management	
Manager	Fund	Company	Holding size	Date of vote	How the Manager voted and the outcome	Rationale of Manager vote	Voting versus management	
LGIM	UK Equity Index	Shell Plc	7.0%	23/05/2023	<u>Against</u> approving the Shell Energy Transition Progress 80% (Pass)	Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.		
	UK Equity Index	Glencore Plc	2.4%	26/05/2023	<u>For</u> approving Climate Progress Report 29% (Fail)	Climate change: In 2021, Glencore made a public commitment to align its targets and ambition with the goals of the Paris Agreement. However, it remains unclear how the company's planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario. Therefore, LGIM has co-filed this shareholder proposal (alongside Ethos Foundation) at Glencore's 2023 AGM, calling for disclosure on how the company's thermal coal production plans and capital allocation decisions are aligned with the Paris objectives. This proposal was filed as an organic escalation following LGIM's multi-year discussions with the company since 2016 on its approach to the energy transition.		
	Global Equity Market Weights 30:70 Index - GBP 75% hdgd	Shell Plc	2.1%	23/05/2023	<u>Against</u> approving the Shell Energy Transition Progress 80% (Pass)	Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.		

Source: LGIM.

Source: LGIM.

Source: LGIM.

Snap-on Tools Limited Pension & Benefit Plan

Statement of Investment Principles

1. Introduction

The Trustees of the Snap-on Tools Limited Pension & Benefit Plan (“the Plan”) have drawn up this Statement of Investment Principles (“the Statement”) to comply with the requirements of the Pensions Act 1995 (“the Act”) and subsequent legislation. The Statement is intended to affirm the investment principles that govern decisions about the Plan’s investments. The Plan’s investment arrangements, based on the principles set out in this Statement, are outlined in the Investment Implementation Policy Document (“IIPD”), which is available to Plan members on request.

The Trustees have obtained and considered written professional advice from Mercer Limited (the “Investment Consultant”) in preparing this Statement. The Trustees believe that this meets the requirement of the Act and subsequent legislation. In matters where the investment policy may affect the Plan’s funding policy, input has also been obtained from the Plan Actuary. The Trustees will obtain similar advice whenever it reviews this Statement.

The Trustees seek to maintain a good working relationship with the Principal Employer and will discuss any proposed changes to the Statement with the Principal Employer. However, the Trustees’ fiduciary obligations to the Plan’s members will take precedence over the Principal Employer’s wishes, should these ever conflict.

The Trustees will review this Statement in response to any significant changes to any aspect of the Plan, its liabilities, finances and the attitude to risk of the Trustees and the Principal Employer that it judges to have a bearing on the Statement. This review will occur no less frequently than triennially.

2. Structure of the Plan

The Plan has both Defined Benefit (“DB”) and Defined Contribution (“DC”) Sections. This Statement covers both the DB and DC Sections.

3. Asset Management

3.1 Process for Choosing Investments

The stewardship of the Plan's investment arrangements falls into the following three main areas of responsibility:

- i. The *strategic management* of the assets, which is fundamentally the responsibility of the Trustees, acting on expert advice, and is driven by the investment objectives set out in Section 4 below.
- ii. The *day to day management* of the assets, which is largely delegated to the Trustees' selected investment managers. Details are outlined in Section 5 below, with full details in the IIPD.
- iii. The *ongoing measurement and monitoring* of the performance of the appointed managers against predetermined benchmarks. Again, this is the responsibility of the Trustees.

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.

The Trustees look to their Investment Consultant for their forward looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the Investment Consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management (amongst other things), in relation to the particular fund that the Plan invests in. The Investment Consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustees and are used in decisions around the selection, retention and realisation of manager appointments.

If the approach to investment process or the investment objective for a particular manager's fund changes, the Trustees will review the fund appointment to ensure it remains appropriate and consistent with the Trustees' wider investment objectives.

As the Trustees invest in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Act (as amended).

The trustees are long term investors and are not looking to change the investment arrangements on a frequent basis.

All of the funds in which the Plan invests are open-ended and there is no set duration for the manager appointments. The Trustees will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager.
- The manager appointment has been reviewed and the Trustees have decided to terminate – see the IIPD on realisation of assets.

For DC investments, the Fund Range and Default Strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.

3.2 Asset Manager Evaluation

The Trustees receive investment manager performance reports, as well as reports from the Investment Consultant, on a quarterly basis, which present performance information over 3 months, 1, 3 and 5 years. The Trustees review the absolute performance, relative performance against a suitable index used as the benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis. The Trustees' focus is on long term performance, but a manager will be put 'on watch' if there are short term performance concerns.

If a manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the Trustees may ask the manager to review their fees – either the Annual Management Charge or the performance related fee element (if applicable).

The remuneration for the investment managers used by the Plan is based on assets under management. As part of the annual Value for Money ("VfM") assessment for the DC Section, the Trustees review the investment manager fees.

3.3 Portfolio Turnover Cost Monitoring

The Trustees ask investment managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustees.

The Trustees do not currently define target portfolio turnover ranges for funds. However, the Trustees will engage with a manager if portfolio turnover is higher than expected. This is assessed by comparing portfolio turnover across the same asset class, on a year-for-year basis for the same manager fund, or relative to the manager's specified portfolio turnover range in the investment guidelines or prospectus.

Regarding the DC investments, the Trustees consider portfolio turnover costs as part of the annual VfM assessment.

The ability to assess the appropriateness of portfolio turnover costs is limited by the availability of data. The Trustees will monitor industry developments regarding how to assess these costs and incorporate this in future VfM assessments. Importantly, performance is reviewed net of portfolio turnover costs.

4. Investment Objectives and Risk Management

4.1 DB Section

Investment Objectives

The Trustees aim to invest the DB Section's assets in the best interests of the members and beneficiaries. The Trustees have agreed a number of objectives to help guide them in their strategic management of the assets and control the various risks to which the DB Section is exposed. The Trustees' primary objectives are as follows:

- To ensure that members and beneficiaries receive their promised benefits.
- To pay due regard to the Principal Employer's requirements relating to the amount and frequency of contributions to the DB Section.

At the latest actuarial valuation, the Actuary assumed that the DB Section's assets will achieve an investment rate of return on assets which exceeds that available from gilts. Based on advice from the Investment Consultant about realistic long-term assumptions, the Trustees expect the investment return resulting from the strategy adopted to at least meet the prudent expectations of the Actuary.

Risk

The Trustees recognise that it is not necessarily possible, or even desirable, to select investments that exactly match the DB Section's estimated liabilities. Given the ongoing commitment of the Principal Employer, a degree of investment risk can be taken on, in the expectation of generating excess returns relative to the lowest risk strategy, since it is also acceptable to the Principal Employer.

The Trustees are aware that accepting a degree of investment risk means that there is a chance that one or more of the Trustees' objectives will not be met. Accordingly, the Trustees have considered the following risks to which the DB Section is exposed:

- The risk of deterioration in the DB Section's ongoing funding level. Volatility in the DB Section's funding level may be minimised by adopting a "least risk" investment strategy (i.e. one invested entirely in government bonds, whose value best matches fluctuations in the liabilities). However, in order to seek higher returns the Trustees must, to some extent, invest in riskier assets. This increases the risk that the funding level will deteriorate and may also increase the short-term volatility of the Principal Employer's contribution rate.
- The risk of a shortfall of assets relative to the liabilities, as determined if the DB Section were to wind up.
- The risk that the day-to-day management of the assets will not achieve the rate of investment return within each asset class expected by the Trustees.

The Trustees have taken advice on these issues from the Investment Consultant and the Plan Actuary. The Trustees have also held related discussions with the Principal Employer.

The Trustees' willingness to take investment risk is dependent on the continuing financial strength of the Principal Employer and its willingness to contribute appropriately to the DB Section. The financial strength and perceived commitment of the Principal Employer to the DB Section is monitored and the Trustees will review the level of investment risk relative to the liabilities should either of these deteriorate.

There are various risks to which any pension plan is exposed. The Trustees consider the risks set out below to be financially material to the DB Section and has therefore adopted various policies in order to manage these risks over the DB Section's anticipated lifetime:

- The risk arising through a mismatch between the DB Section's asset and liabilities. The Trustees aim to mitigate this risk by investing a proportion of the DB Section's assets in instruments that are expected to react in a similar way to movements in long term interest rates and inflation expectations as the DB Section's liabilities.
- The Trustees also recognise the market risk associated with the different asset classes in which the DB Section invests. The Trustees believe that diversification by asset class limits the impact of any single risk. The Trustees therefore aim to ensure that the asset allocation policy in place results in an adequately diversified portfolio. Due to the size of the DB Section's assets, and recognising the need to diversify, investment exposure is obtained via pooled vehicles.
- The Trustees acknowledge that currency risk may also arise due to investment in overseas markets and has sought to mitigate this risk by establishing a currency hedging policy (details of which are outlined in the IIPD).
- The Trustees recognise that there is a risk associated with holding assets that cannot easily be sold, should the need arise, and therefore looks to invest in funds which are readily marketable. Where this is not the case, consideration is given to the overall liquidity of the DB Section's assets, with the aim of ensuring that there is sufficient liquidity to meet the DB Section's ongoing cash flow requirements.
- The Trustees believe that Environmental, Social and Governance ("ESG") issues, including climate change, may have substantive impacts on the global economy and therefore investment returns. The Trustees seek to minimise the risks associated with such issues by taking them into account in the selection, retention and realisation of investment managers. Section 7 of this Statement documents the Trustees' policy on ESG integration.

The Trustees acknowledge that the above list of risks is not exhaustive and it is not possible to monitor all risks at all times. However, the Trustees only seek to take on those risks it expects to be rewarded for over time, in the form of excess returns, in a diversified manner.

Investment Strategy

The exact details of the DB Section's investment strategy are outlined in the IIPD. The Trustees implement an investment strategy consistent with its investment objectives. The Trustees believe that the investment risk arising from the investment strategy is consistent with the overall level of risk being targeted.

4.2 DC Section

Investment Objectives

The Trustees recognise that members of the DC Section of the Plan have differing investment needs and that these may change during the course of members' working lives.

The Trustees believe that members should be encouraged to make their own investment decisions based on their individual circumstances. The Trustees regard their duty as making available a range of investment funds that will suit members' needs and risk tolerances through their working life.

The Trustees recognise that members may not believe themselves qualified, or may not wish to make their own investment decisions. As such, the Trustees make available a Default Investment Strategy. The Trustees acknowledge that this strategy will not meet the needs of every individual member.

Risk Management and Measurement

The Trustees have considered investment risk for the Defined Contribution Section of the Plan from a number of perspectives. These are set out in the table below:

Risk		Description	How is the risk monitored and managed?
Market risks	Inflation risk	The risk that the investment return over members' working lives does not keep pace with inflation and that members' assets are therefore not sufficient to secure an adequate pension.	The Trustees make available a range of funds, across various asset classes, with the majority expected to keep pace with inflation.
	Currency risk	The risk that fluctuations in foreign exchange rates cause the value of overseas investments to fluctuate.	
	Credit risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	
	Equity, property and other price risk	The protection of capital, over at least the medium-term (i.e. periods over 3 years), is fundamental in supporting the long-term growth of members' individual accounts. The value of securities, including equities and interest bearing assets, can go down as well as up. Members may not get back the amount invested.	Within active funds, management of many of these market risks is delegated to the fund manager.

Risk	Description	How is the risk monitored and managed?
Environmental, Social and Corporate Governance risk	The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on the return generated by the Plan's assets.	<p>The management of ESG related risks is delegated to the investment manager.</p> <p>The Trustees' responsible investment and corporate governance statement is contained in section 7 of this document.</p>
Investment Manager risk	The risk that the investment manager underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	The Trustees regularly review the performance of the investment funds.
Liquidity risk	The risk that the members' investments do not provide the required level of liquidity and members are unable to realise their investments.	Members invest in a range of daily dealt pooled investment vehicles that facilitate the availability of assets to meet benefit outflows.
Pension Conversion risk	The risk that the purchasing power of members' assets falls relative to how they wish to take benefits at retirement, or that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	<p>The Trustees make available three lifestyle strategies for DC members.</p> <p>Lifestyle strategies automatically switch member assets into investments whose value is expected to be less volatile relative to how the member wishes to access their pension savings as they approach retirement age.</p> <p>Members are communicated with in the lead up to retirement, reminding them of the need to assess their retirement options.</p>

The Trustees have considered these risks when choosing the funds to make available to members. The Trustees believe that the investment strategy for the Defined Contribution Section of the Plan is appropriate for meeting the risks outlined above.

The Trustees pay close regard to the risks which may arise from the lack of diversification of investments. The Trustees believe that the choice of funds in place provide an adequately diversified distribution of assets.

The Trustees recognise that many of these risks are inherent to investing and understand that the above list is not exhaustive.

Investment Strategy

The Trustees have selected a range of investment options for members to utilise in structuring their assets according to their individual objectives. Details of the fund options, including the investment strategies of the default option, can be found in the IIPD.

4.3 Default Investment Option for the DC Section

Typically, a proportion of members will actively choose the default option because they feel it is most appropriate for them. However, it is expected that the vast majority of members will not make an active investment decision and will therefore automatically be invested in the default option.

The default option aims to generate investment returns over the working lives of members and has been designed for members who want to take their savings as cash when they retire.

Objectives of the default option

The Trustees' objectives in relation to the default option, and the ways in which the Trustees seek to achieve these, are detailed below:

- To provide long-term investment growth through exposure to a diversified range of asset classes, with some protection against inflation erosion, as well as an element of diversification to reduce volatility and downside risk.

The lifestyle investment strategy offers members the potential to grow the pension pot in the long term, by investing in a diversified range of assets.

- To counter the greater impact of investment risk on member outcomes, as retirement savings grow, and reduce investment risk as each member approaches retirement.

As a member gets closer to retirement the member's pension pot is gradually moved into lower risk funds in order to provide capital protection. This is achieved via automated lifestyle switches over a three year switching period. This strategy aims to reduce the risk of a sharp fall in markets reducing the value of a member's pension pot as the member approaches retirement.

- To offer to members a portfolio of assets at retirement that are appropriate for an individual intending to take their pension pot as cash.

At the selected retirement date, 100% of the member's assets will be invested in a cash fund, which is the expected method of taking benefits given the nature of the membership.

Policies in relation to risk management of the default option

In designing the default option, the Trustees have explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members. In particular, when reviewing the investment strategy of the default investment option, the Trustees consider risk quantitatively, in terms of the variability of investment returns and potential retirement outcomes for members. From a qualitative perspective, the Trustees also consider risk in terms of the (mis)alignment of investments with the retirement benefits targeted by the default investment option.

In arriving at their investment strategy for the default investment option the Trustees have considered investment risk from a number of perspectives. These are:

Risk	Description	How is the risk monitored and managed?
Market risks	Inflation risk The risk that the investment return over members' working lives does not keep pace with inflation and members' assets are therefore not sufficient to secure adequate retirement benefits.	The default option has an explicit allocation to assets that are expected to outperform inflation over the long term. The Trustees monitor performance of the growth phase against inflation.
	Currency risk The risk that fluctuations in foreign exchange rates cause the value of overseas investments to fluctuate.	The strategy for the default option is set with the intention of diversifying these risks, to reach a level of risk deemed appropriate. The default option is a lifestyle strategy, which automatically and gradually reduces the level of investment risk
	Credit risk The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	members are exposed to as they approach retirement. The strategy is outsourced to Legal & General.
	Equity, property and other price risk The risk that investment market movements lead to a substantial reduction in the anticipated level of the benefit.	Within active funds, the management of many of these market risks is delegated by Legal & General to the underlying investment manager.

Risk	Description	How is the risk monitored and managed?
Environmental, Social and Corporate Governance risk	The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on the return generated by the Plan's assets.	Managed in the manner set out in Section 4.2.
Investment Manager risk	The risk that the investment manager underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	Managed in the manner set out in Section 4.2.
Liquidity risk	The risk that the Plan's assets cannot be realised at short notice, in line with member demand.	Managed in the manner set out in Section 4.2.
Pension Conversion risk	The risks that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	<p>The default option is a lifestyle strategy which automatically switches member assets into investments whose value is expected to be less volatile relative to cash as the member approaches retirement age.</p> <p>As part of the triennial default strategy review, the Trustees ensure the default destination remains appropriate.</p>

The above items are in relation to what the Trustees consider 'financially material considerations' specifically related to the default option. The Trustees believe the appropriate time horizon for which to assess these considerations should be viewed at a member level. This will be dependent on the member's age and when they expect to retire. It is partly for this reason that the default investment option is a lifestyle strategy.

Suitability of the default option

Based on the Trustees' understanding of the Plan's membership, an investment strategy that targets a cash lump sum at retirement is expected to be broadly appropriate to meet a typical member's requirements for income in retirement. This does not mean that members have to take their benefits in this format at retirement, it merely determines the investment strategy that will be in place pre-retirement.

Assets in the default option are invested in the best interests of members and beneficiaries, taking into account the profile of members. Considering the demographics of the Plan's membership and the Trustees' views of how the membership might behave at retirement, the Trustees believe that the current default option is appropriate and will continue to review this regularly, and more strategically at least triennially, or after significant changes to the Plan's demographic (if sooner).

5. Day to Day Management of the Assets

5.1 DB Section and DC Section

The Trustees delegate the day to day management of the assets to a number of investment managers. The Trustees have taken steps to satisfy themselves that the managers have the appropriate knowledge and experience to manage the Plan's investments and that they are carrying out their work competently.

Each investment manager is regulated by a recognised authority body and the Trustees assess the suitability of regulation in place prior to investing with any manager.

The Trustees review the continuing suitability of the Plan's investments, including the appointed managers, which may be adjusted from time to time.

Details of the appointed managers for the DB and DC Sections, as well as the investment options available for the DC Section, can be found in the IIPD.

5.2 Additional Voluntary Contributions

Arrangements in respect of members' Additional Voluntary Contributions are set out in the IIPD.

6. Realisation of Investments

In general, the Plan's investment managers have discretion over the timing of realisations of investments and in considerations relating to the liquidity of those investments, within the parameters stipulated in the relevant appointment documentation and pooled fund prospectuses.

The investment managers are responsible for generating any cash required to pay benefits and other expenditure on the instruction of the Trustees.

7. Responsible Investment and Corporate Governance

The Trustees believe that good stewardship and ESG issues, including climate change, can have a financially material impact on the risk and return outcomes of investment portfolios and should therefore be considered as part of the Plan's investment process.

The Trustees consider the Investment Consultant's assessment of how each investment manager embeds ESG considerations into its investment process and how the manager's responsible investment philosophy aligns with the Trustees' responsible investment policy. This includes the investment managers' policy on voting and engagement. The Trustees will use this assessment in decisions around selection, retention and realisation of manager appointments.

The Trustees believe that good stewardship can enhance long-term portfolio performance and is therefore in the best interests of the Plan's beneficiaries and aligned with fiduciary duty. The Trustees accept that by using pooled investment vehicles, the Plan's voting rights are exercised by its investment managers in accordance with their own corporate governance policies. The Trustees expect the Plan's managers to take into account current best practice, including the UK Corporate Governance Code and the UK Stewardship Code, of which the Trustees are supportive. The Trustees' key stewardship themes are:

- Climate change.
- Modern slavery.

The Trustees have determined these priorities based on their ESG beliefs, taking into account the Principle Employer's strategic priorities on ESG and sustainability matters. The investment managers are aware of the Trustees' policies on stewardship and engagement.

The Trustees review an annual stewardship monitoring report, which includes details of voting and engagement activities associated with each of the funds invested in. The Trustees will challenge manager decisions that appear out of line with the investment fund's objectives or the objectives/policies of the Plan.

Equity managers who are registered in the UK are expected to report on their adherence to the UK Stewardship Code on an annual basis.

Member views and non-financially material issues are not currently explicitly taken into account in the selection, retention and realisation of investments.

8. Compliance with and Review of this Statement

The Trustees will monitor compliance with this Statement regularly.

The Trustees will review the Statement at least every three years and without delay after any significant changes in investment policy. The Statement will also be reviewed in response to any material changes to any aspects of the Plan, its liabilities, finances and the attitude to risk of the Trustees and the Principal Employer which they judge to have a bearing on the stated investment policy. Any such review will be based on written expert investment advice and the Principal Employer will be consulted.

For and on behalf of the Trustees of the Snap-on Tools Limited Pension & Benefit Plan

Dates of review and amendment:

- Drafted August 2010
- Amended September 2012
- Amended October 2014
- Amended September 2019
- Amended August 2020
- Reviewed September 2021
- Amended February 2024

Snap-on Tools Limited Pension & Benefit Plan ('the Plan')

Annual Implementation Statement for the Year Ended 30 April 2025

1. Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ("SIP") produced by the Trustees has been followed during the year to 30 April 2025 (the "**Plan Year**"). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the Implementation Statement dated 17 June 2022.

The statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Scheme Year, which was the SIP dated September 2024.

Sections 2.1 and 2.2 of this statement set out the investment objectives of the Plan and the changes which have been made to the SIP during the Plan Year.

Section 2.3 of this statement sets out how, and the extent to which, the policies in the Defined Benefit ("DB") Section and Defined Contribution ("DC") Section of the SIP have been followed.

Sections 3 and 4 include information on the engagement and key voting activities of the Plan's appointed investment managers.

The latest SIP, covered in this Implementation Statement, is available online at <https://www.snapon.co.uk/wp-content/uploads/2024/09/Pension-and-Benefit.pdf>.



2. Statement of Investment Principles

2.1. Investment Objectives of the Plan

The Trustees believe it is important to consider the policies in place in the context of the objectives they have set.



The Trustees' objective is to invest the DB Section's assets in the best interests of the members and beneficiaries. The Trustees have agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which the Plan is exposed. The Trustees' primary objectives are as follows:

- To ensure that members and beneficiaries receive their promised benefits.
- To pay due regard to the Principal Employer's requirements relating to the amount and frequency of contributions to the DB Section.

At the latest actuarial valuation, the Actuary assumed that the DB Section's assets will achieve an investment rate of return on assets which exceeds that available from government bonds. Based on advice from the Investment Consultant about realistic long-term assumptions, the Trustees expect the investment return resulting from the strategy adopted to at least meet the prudent expectations of the Actuary.



For the DC section of the Plan, the Trustees recognise that members have different investment goals and that these may change during the course of their working lives. They also recognise that members have different attitudes to risk. The Trustees' objective is to make available a range of investment options which seek to allow members to set an investment strategy that meets their needs and risk tolerances. The Trustees also recognise that members may not believe themselves qualified to take investment decisions. As such, the Trustees make available a Default Lifestyle Option.

2.2. Review of the SIP



The current SIP is dated September 2024.

During the year, the SIP was updated to include the Trustees' policy on illiquid investments.

2.3. Assessment of how the policies in the SIP have been followed for the Plan Year

The information provided in this section highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP, relating to the DB Section and DC Section of the Plan.



In summary, it is the Trustees' view that the policies in the SIP have been followed during the Plan Year.



Investment Mandates

Securing compliance with the legal requirements about choosing investments

Policy

As required by legislation, the Trustees consult a suitably qualified person when making investment selections by obtaining written advice from the Investment Consultant. Further details are included in Section 3 (Asset Management) of the SIP, which applies to the DB and DC Sections of the Plan.

How has this policy been met over the Plan Year?



There were no changes to the DB or DC Section's investments over the Plan Year. The Trustees have historically received advice in line with the Pensions Act 1995 (as amended) when making investment selections.

Realisation of Investments

Policy

The Trustees' policy is that there should be sufficient liquidity within the Plan's assets to meet short-term cashflow requirements in the majority of foreseeable circumstances, so that realisation of assets will not disrupt the Plan's overall investment policy. Further details are included in Section 6 (Realisation of Investments) of the SIP, which applies to the DB and DC Sections of the Plan.



How has this policy been met over the Plan Year?

All funds are daily-dealt pooled investment arrangements, with assets mainly invested on regulated markets. As such, assets should be realisable at short notice.

Disinvestments are applied in order to tighten the asset allocation towards the strategic target.



How has this policy been met over the Plan Year?

All funds used by the DC Section are daily-dealt pooled investment arrangements, with assets mainly invested in regulated markets. As such, assets should be realisable at short notice, based on member demand. There were no liquidity concerns arising in respect of the Plan's investment fund holdings over the Plan Year.



Environmental, Social and Governance (“ESG”)

Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments

Policy

The Plan’s SIP outlines the Trustees’ beliefs on ESG factors (including climate change). Further details are included in Section 7 (Responsible Investment and Corporate Governance) of the SIP, which applies to the DB and DC Sections of the Plan. The Trustees keep their policies under regular review.

How has this policy been met over the Plan Year?



Over the year the Trustees participated in an ESG beliefs survey, the results of which were discussed at the Trustee meeting in September 2024. The Trustees subsequently agreed a standalone ESG Policy at the Trustee meeting in February 2025. The ESG Policy contains further details on how the Trustees manage ESG risks and opportunities.

The Trustees have given the appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, in particular in relation to the selection, retention, and realisation of underlying investments. In order to monitor the extent to which ESG factors are integrated into the managers’ investment decision making, the Trustees review the Mercer ESG ratings assigned to the strategies in which the Plan invests. Such ratings were also considered as part of the annual Value for Members Assessment for the DC Section in respect of the Plan Year.

In addition, the Trustees have agreed to review a more in-depth ESG monitoring report triennially. This will consider how the Mercer ESG ratings assigned to the strategies compare to their peers, alongside further ESG-related research. The report will also measure how well the Trustees integrate ESG factors into Plan decision-making, via Mercer’s Responsible Investment Total Evaluation assessment. The Trustees expect to review the first such report over the course of the next Plan Year.

The Trustees ask managers to comment on these areas when they present at meetings, however no such meetings have occurred over the year. All managers remained generally highly rated during the year. When implementing a new investment, the Trustees consider Mercer’s ESG assessment of the manager.

The Trustees do not require the Plan’s investment managers to take non-financial matters into account in their selection, retention and realisation of investments.



Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustees would monitor and engage with relevant persons about relevant matters)

Policy

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Plan's investments to the investment managers. Further details are set out in Section 7 (Responsible Investment and Corporate Governance) of the SIP, which applies to the DB and DC Sections of the Plan. In addition, it is the Trustees' policy to obtain reporting on voting and engagement and to periodically review the reports to ensure the policies are being met.

How has this policy been met over the Plan Year?



The voting and engagement summary reports from the Plan's investment managers were provided to the Trustees for review to ensure that they were aligned with the Trustees' policy during the Plan Year. Outside of those exercised by the investment managers on behalf of the Trustees, no other engagement activities were undertaken and the Trustees do not use the direct services of a proxy voter.

Section 3 includes examples of engagement activity undertaken by the Plan's investment managers, while section 4 sets out a summary of voting activity and the most significant votes cast on behalf of the Trustees.

The Trustees support the aims of the UK Stewardship Code and the investment managers are encouraged to report their adherence to the Code. All of the Plan's investment managers within the DB and DC Sections are currently signatories to the current UK Stewardship Code.



Monitoring the Investment Managers

Incentivising asset managers to align their investment strategies and decisions with the Trustees' policies

Policy

The Trustees' policy is set out in Section 3 (Asset Management) of the SIP, which applies to the DB and DC Sections of the Plan.

How has this policy been met over the Plan Year?



As the Trustees invest predominately in pooled investment funds, they accept that they cannot specify the risk profile and return targets for these funds. However, the Trustees have continued to review the appropriateness of the funds to ensure that they are aligned with the investment strategies being targeted.

Evaluation of asset managers' performance and remuneration for asset management services

Policy

The Trustees' policy is set out in Section 3 (Asset Management) of the SIP, which applies to the DB and DC Sections of the Plan.

How has this policy been met over the Plan Year?



Over the year, the Trustees have received quarterly investment performance reports which show performance (versus relevant benchmarks and targets where appropriate) over shorter and longer-term periods. Performance was also considered as part of the annual Value for Members assessment carried out in respect of the DC Section. Performance is analysed on a quarterly basis, with no concerns regarding performance arising over the Plan Year.



Monitoring the Investment Managers

Monitoring portfolio turnover costs

Policy

The Trustees' policy is set out in Section 3 (Asset Management) of the SIP, which applies to the DB and DC Sections of the Plan.



How has this policy been met over the Plan Year?

The Trustees do not explicitly monitor portfolio turnover costs with respect to the DB Section of the Plan. Performance was reported and evaluated net of all fees and transaction costs (costs incurred as a result of buying and/or selling assets). In addition, where possible, performance objectives have been set on a net basis. This provides an incentive for the manager to keep portfolio turnover costs to the minimum required to meet or exceed their objectives.



How has this policy been met over the Plan Year?

The Trustees consider the level of transaction costs as part of the annual Value for Members assessment.

There is little flexibility for the Trustees to impact transaction costs, as managers essentially pass on the underlying costs of buying and selling securities in the market. Further, the turnover level of trading will impact the level of costs i.e. passive managers will have low levels of trading and low levels of cost whilst active managers will have the opposite. As such, it is difficult to compare managers, even between active managers. The Trustees will continue to monitor transaction costs on an annual basis and will monitor developments on assessing these costs for value. Currently the Trustees have no concerns regarding transaction costs.

Given that the Plan invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustees do not have an overall portfolio turnover target for the Plan.

The duration of the arrangements with asset managers

Policy

The Trustees are long-term investors and do not seek to change the investment arrangements on a frequent basis. Further details of the Trustees' policy are set out in Section 3 (Asset Management) of the SIP, which applies to the DB and DC Sections of the Plan.

How has this policy been met over the Plan Year?



No changes were made to the appointed investment managers during the Plan Year. The Trustees remain comfortable with the Plan's appointed investment managers.



Strategic Asset Allocation

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments



Policy

The Trustees' policy on the kinds of investments to be held and the balance between different kinds of investments can be found under Section 4 (Investment Objectives and Risk Management) of the SIP.

How has this policy been met over the Plan Year?

The Trustees review the DB Section's investment strategy from time to time to determine whether the targeted levels of risk and return remain appropriate.

No changes were made to the strategic asset allocation between equities, corporate bonds, and gilts over the course of the Plan Year. However, based on advice provided by Mercer, the Trustees agreed to modestly restructure the Plan's gilt allocation to maintain the target level of protection the assets provide against the impact of changes in interest rates and inflation expectations on the value of the liabilities. This was implemented in January 2025.

The Trustees receive quarterly investment performance reports which monitor the risk and return of the funds used within the DB Section of the Plan.



Policy

The Trustees' policy on the kind of investments to be held and the balance between different kinds of investments can be found under Section 4 (Investment Objectives and Risk Management) of the SIP.

The Default Lifestyle Option has been designed after careful analysis of the membership demographic and other characteristics in order to offer a suitable approach, in so far as is practical, to the needs of the Plan's members. The Trustees carry out regular assessments of the performance of the Default Lifestyle Option and its design to ensure it continues to remain appropriate for the membership.

The Trustees recognises that the Default Lifestyle Option will not meet the needs of all members and as such, alternative investment options are available for members to choose from, including a range of self-select funds. This approach remained unchanged during the Plan Year. This approach remained unchanged during the Plan Year.

How has this policy been met over the Plan Year?

The strategic asset allocation of the Default Lifestyle Option is reviewed on a triennial basis, with expected risk and return requirements being considered as part of the review. The date of the last review was April 2023. A review of the self-select options also formed part of the triennial investment review. There were no investment changes made during the Plan Year.

The Trustees received a quarterly investment performance report over the year which monitors the risk and return of the funds used within the DC Section.

Investment performance was also assessed as part as the annual Value for Members assessment to ensure that members are invested in funds providing commensurate value.



Strategic Asset Allocation

Risks, including the ways in which risks are to be measured and managed

Policy

The Trustees recognise a number of risks involved in the investment of the assets of the DB and DC Sections and that the choice and allocation of investments can help to mitigate these risks. Details of these risks and how they are measured and managed can be found under Section 4 (Investment Objectives and Risk Management) of the SIP



How has this policy been met over the Plan Year?

The risk inherent within the DB Section's investment arrangements remains consistent with the Trustees' risk appetite. The Trustees only take on those risks they expect to be rewarded for over time, in the form of excess returns, in a diversified manner. The Trustees receive quarterly investment performance reports that help monitor the risk and return of the funds used within the DB Section of the Plan. The report considers both quantitative and qualitative measures of risk.



How has this policy been met over the Plan Year?

Members can combine the self-select investment funds in any proportion in order to achieve the desired level of return and risk, in line with their own attitude and risk tolerance.

Within the Default Lifestyle Option, the strategic asset allocation is set to achieve the expected return required to meet the objective.

The asset allocation of the Default Lifestyle Option is reviewed on a triennial basis, in line with regulatory requirements. The most recent review was conducted in April 2023, during which the suitability of the default target, the structure of the growth phase assessment, the fund range, and the ESG factors were thoroughly evaluated.

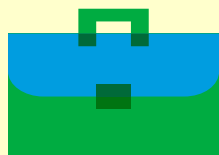
No changes were made to the Default Lifestyle Option over the course of the year, with the strategy still targeting cash at retirement.

3. Engagement Activity by the Plan's Equity and Diversified Growth Fund Investment Managers

The following are examples of engagement activity undertaken by the Plan's Investment Managers.



BlackRock's amendments to executive remuneration plans at companies with global footprints



In 2024, BlackRock observed that UK companies improved the level of detail in their executive pay disclosures, helping investors further understand alignment with long-term financial value creation. In addition to enhanced disclosures, companies were more proactive in their efforts to engage with investors to provide additional clarity on their approach to remuneration in advance of their shareholder meetings. This was particularly evident among companies with a global footprint. Companies which sought shareholder approval to amend executive remuneration in the context of their global business models included AstraZeneca Plc and the London Stock Exchange Group plc, both of which proposed increases in their cash bonuses and long-term incentive plans. BIS supported the remuneration-related proposals at these companies' 2024 AGMs – which received ~64% and ~89% support, respectively – in recognition of their global footprint, as well as their strong financial performance over time.



LGIM's engagement for change on climate

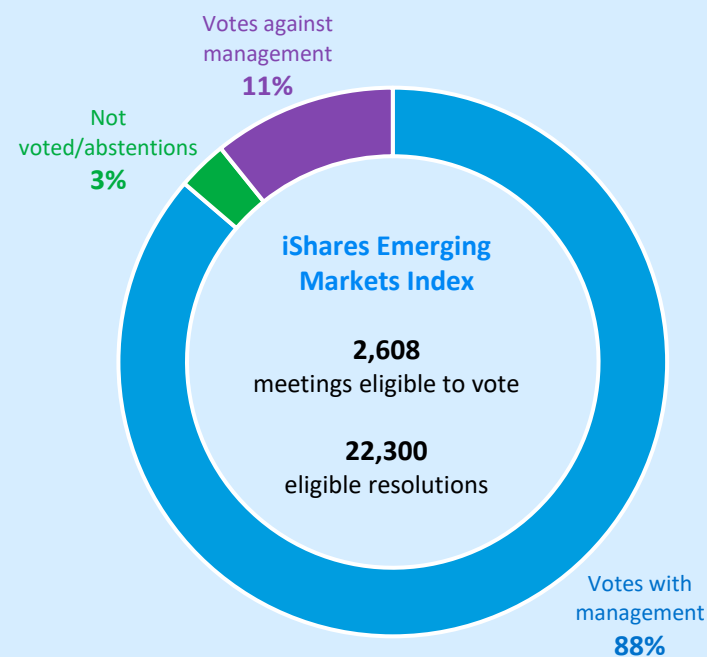
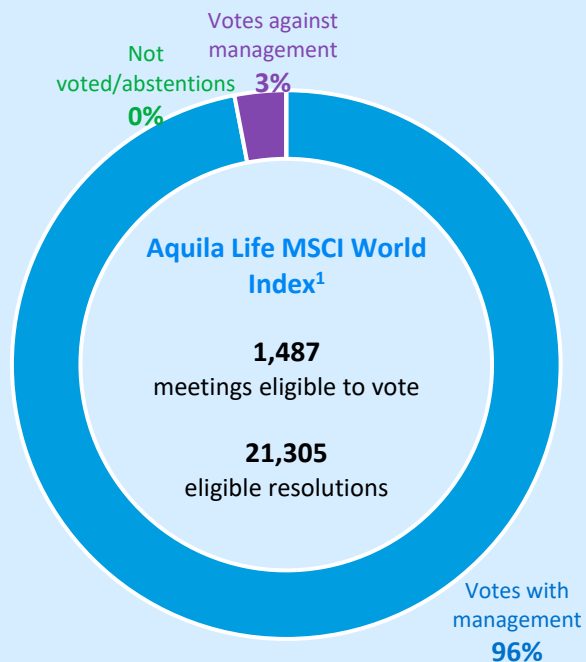
Under LGIM's Climate Impact Pledge, 5,000+ companies were assessed across 20 climate-critical sectors. 245 companies were identified by their quantitative assessment for voting sanctions due to not meeting LGIM's minimum standards. This represents a 46% decrease since 2024.

This reflects a large number of companies now meeting LGIM's sector and regional minimum standards, which LGIM believe to be an encouraging improvement. LGIM will continuously review these minimum standards across sectors and regions, and as in prior years, will make adjustments when appropriate.



4. Voting Activity during the Plan Year

Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DB Section of the Plan. Due to unavailability of data at the time writing, the reported votes are shown over the period from 1 April 2024 to 31 March 2025.



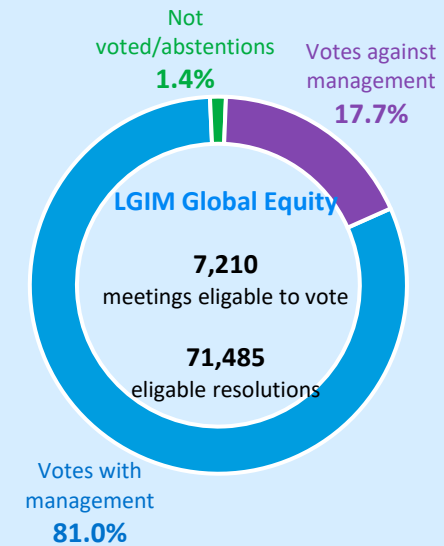
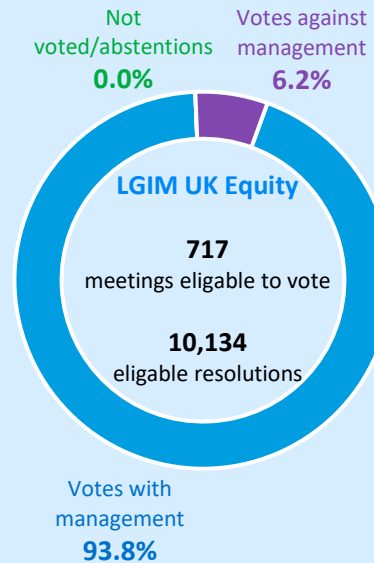
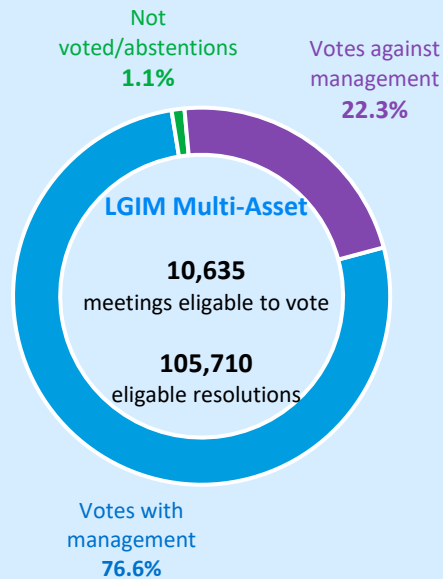
Source: BlackRock. Data may not sum due to rounding.

¹ Same voting data is applicable to the currency hedged version of the Fund.

Voting Activity during the Plan Year



Set out below is a summary of voting activity for this reporting period relating to the relevant strategies (those that contain equities) in the DC Section of the Plan.



Source: LGIM. Data may not sum up due to rounding.



Significant votes






Following the Department of Work and Pensions' consultation response and outcome regarding Implementation Statements on 17 June 2022, updated guidance was produced which is effective for all scheme year ends on or after 1 October 2022. The updated guidance requires trustees to include a description of what constitutes a significant vote within Implementation Statements (amongst other things). The Trustees' significant vote definition is based on the following key stewardship themes/priorities:

- Environmental: Climate change
- Social: Modern slavery

The Trustees determined these priorities based on their ESG beliefs, taking into account the Principal Employer's strategic priorities on ESG and sustainability matters. The investment managers are aware of the Trustees' policies on stewardship and engagement. This definition is consistent across both Sections of the Plan.

The Trustees only consider a vote to be significant if it relates to a holding that represents at least 1% of the relevant fund (where data is available).

Based on this criteria, the following significant vote was identified:

Manager	Fund	Company	Holding size	Date of vote	How the Manager voted and the outcome	Rationale of Manager vote	 Voted against management  Voted with management	
							Voting versus management	
BlackRock	Aquila Life MSCI World	Amazon.com, Inc.	2.5%	22/05/2024	<p>Against shareholder proposal requesting a report on efforts to reduce plastic use</p> <p>(Failed)</p>	<p>Climate change: The company already provides sufficient disclosure and/or reporting regarding this issue or is already enhancing its relevant disclosures.</p>		

Source: BlackRock.



Most significant votes

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares.

LGIM's voting behaviour was aligned with the scheme's stewardship priorities. The Trustees will challenge manager decisions that appear out of line with the investment fund's objectives or the objectives/policies of the Plan.

LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

The Trustees have agreed that what constitutes a significant vote in the section below are any votes:


- That make up at least 1% of the total fund's portfolio, and
- That are related to climate change or modern slavery






Voted **against**
management



Voted **with**
management

Manager	Fund	Company	Holding size	Date of vote	How the Manager voted and the outcome	Rationale of Manager vote	Voting versus management
LGIM	UK Equity Index; Global Equity Market Weights 30:70 Index - GBP 75% hdgd	Shell Plc	7.7% (UK Equity Index); 2.3% (Global Equity Market Weights 30:70 Index - GBP 75% hdgd)	21/05/2024	Against approve the shell energy transition progress (Passed)	Climate change: A vote against is applied. LGIM acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and LGIM view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, LGIM expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, LGIM seek more clarity regarding the expected lifespan of the assets. Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, LGIM would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonization strategy.	

LGIM	UK Equity Index; Global Equity Market Weights 30:70 Index - GBP 75% hdgd	Unilever Plc	4.2% (UK Equity Index); 1.3% (Global Equity Market Weights 30:70 Index - GBP 75% hdgd)	1/05/2024	<u>For</u> approve climate transition action plan (Passed)	Climate change: A vote for the Climate Transition Action Plan was applied as LGIM understand it to meet LGIM's minimum expectations. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company's long-term scope 3 target, LGIM note that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. LGIM therefore remain supportive of the net zero trajectory of the company at this stage.	
LGIM	UK Equity Index	Glencore Plc	2.3%	29/05/2024	<u>Against</u> approve 2024-2026 climate action transition plan (Passed)	Climate change: A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. While LGIM note the progress the company has made in terms of disclosure, LGIM remain concerned over the company's thermal coal activities, as it remains unclear how the planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario.	
LGIM	UK Equity Index	National Grid Plc	1.7%	10/07/2024	<u>For</u> approve climate transition plan (Passed)	Climate change: LGIM is voting in favour of the National Grid Climate Transition plan. LGIM commend the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science-based targets. LGIM also appreciate the clarity provided in the 'Delivering for 2035 report' and look forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating.	

Source: LGIM.