

Statement of Investment Principles  
General Healthcare Group Limited Pension and Life  
Assurance Plan (the “Plan”)

*March 2023*

## 1. Introduction

1.1 Under Section 35 the Pensions Act 1995 (“Pensions Act”) and as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005, Trustees of a pension fund are required to prepare a statement of the principles governing investment decisions. This document contains that statement and describes the investment policy pursued by the Directors of GHG (DB) Pension Trustees Limited (“the Trustee”) in regards to the General Healthcare Group Limited Pension and Life Assurance Plan (“the Plan”). The Trustee in preparing this Statement has also consulted the Sponsoring Company, General Healthcare Group Limited, in particular on the Trustee’s objectives.

1.2 The Trustee will review this document:

- At least once a year.
- Sooner following an unscheduled actuarial valuation in accordance with the Scheme Specific Funding Requirement under the Pensions Act 2004;
- Without delay after any significant change in investment policy in accordance with the provisions of the Pensions Act 2004, and;
- Where the Trustee considers a review is needed for other reasons.

The Trustee has had regard to the requirements of the Pensions Act concerning diversification and suitability of investments and will consider those requirements on any review of this document. The Trustee is responsible for all aspects of the operation of the Scheme including this Statement. The Company has confirmed to the Trustee that it has been consulted regarding the contents of this Statement as required by the Act.

1.3 In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to appointed Investment Managers. In drawing up this Statement, the Trustee has sought advice from the Scheme’s Investment Consultant. The Trustee will refer to this Statement where necessary to ensure that it exercises its powers of investment so as to give effect to the principles set out in it as far as is reasonable.

1.4 This Statement was revised and adopted in March 2023, following a periodic review and with respect to updated industry guidance.

1.5 Scheme Details:

- The Scheme operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries.
- The Scheme's benefits are provided on a final salary basis and the Scheme's assets are held under the legal control of the Scheme's Trustee. The operation of the Scheme is governed by its Rules (as updated from time to time).
- Administration of the Scheme is managed by Aviva Life & Pensions UK (as the nominated bulk annuity insurance provider to the Scheme) in consultation with the Trustee, who is responsible for the investment of the Scheme's assets.

## **2. Governance**

- 2.1 The Trustee is responsible for the investment strategy of the Plan.
- 2.2 The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. It also recognises that where it takes investment decisions, it must have sufficient expertise and appropriate training to be able to evaluate critically any advice it takes.
- 2.3 The Trustee believes that given the small size of the Trustee board, a separate investment committee would not be appropriate. Therefore, all decisions are discussed by the whole Trustee board with advice from the Plan's investment consultants, Redington Limited, before they are taken.
- 2.4 The Company is consulted on investment strategy decisions and a representative of the company regularly attends relevant parts of the Trustee meetings.

## **3. Objectives**

- 3.1 The principal objective of the Trustee is to invest the assets of the Plan to meet its liabilities when they fall due. The Trustee wishes to protect members' accrued benefits, by maintaining the Plan's funding level at its current position of above 100% [on the adopted basis].
- 3.2 The Trustee maintains a portfolio that consists of an insurance contract with Aviva Life & Pensions UK. This covers all members of the Plan and is expected to be an exact match to liabilities. The Plan also holds surplus cash above this insurance contract, which is retained in a diversified liquidity fund.
- 3.3 In setting the investment policy the Trustee has had regard to the influence this will have on ensuring that the Plan's fully funded position is maintained, therefore providing members with the highest probability of their benefits being paid both in full and on time.

## **4. Risk Measurements and Controls**

- 4.1 Following the purchase of a full bulk annuity insurance contract covering all members, the Trustee recognises that the main risks retained in the Plan are as follows:
  - Following the move to buy-out, the default risk of the chosen insurer Aviva Life & Pensions UK. The Trustee relies on the regulatory framework that Aviva operates under to mitigate this risk, governed by the Prudential Regulatory Authority, e.g. the regulatory capital requirements. In addition, in the event of default by the insurer, members may be eligible for compensation from the Financial Services Compensation Fund ("FSCS"), based on the current FSCS rules.
  - The default risk of the Sponsor of the Plan. Although the Plan should no longer be reliant on the Sponsor's covenant following the buy-in with Aviva, the Trustee aims to convert the bulk annuity insurance contract entered into with Aviva to a range of

individual annuities directly between each member and Aviva following a final data cleanse exercise and the implementation of GMP equalisation. No specific timescale for this has yet been set. Given the nature of the Plan’s remaining market-related investments (cash within a liquidity fund), the Trustee believes that financial considerations, including those arising from environmental (including but not limited to climate change), social and governance factors are not likely to be material to the investment strategy. The Trustee does not consider non-financial matters (e.g. the views of members) in the selection, retention and realisation of investments.

## 5. Asset Allocation

The Plan’s current asset allocation consists of a single bulk annuity contract that matches the liabilities with Aviva Life and Pensions UK. The Plan also holds some surplus cash beyond this bulk annuity, which is retained in a daily dealt, diversified Liquidity Fund managed by Schroders Investment Management as well as a cash balance in the Trustee Bank account to meet ongoing expenses.

Name	Schroder Special Situations Fund Sterling Liquidity
Performance Target	3-month GBP LIBOR
Liquidity	Highly liquid with at least two-thirds of assets invested in money market instruments
Settlement	Within 1 Business Day from the relevant Dealing Day
Fees	0.1% on Assets under Management each year

## 6. Investment Manager Expectations

- 6.1 The Trustee has considered the extent to which financially material considerations such as environmental, social and governance (“ESG”) issues and climate change risks may impact the selection, retention and realisation of the Scheme’s investments over the likely time horizon that they will be held by the Scheme.

Whilst the Trustee considers that financially material considerations such as ESG issues and climate change factors are likely to have financial impacts on pension investments, in the context of the Scheme’s investment in a single bulk annuity contract and limited cash held in a liquidity fund, the Trustee does not consider that these considerations would be material over the time horizon of the Scheme and has not taken any specific actions in relation to these issues.

- 6.2 The Trustees are required, under Regulation 2(3)(d) of The Occupational Pension Schemes (Investment) Regulations 2005, to include details of their manager alignment policies in this SIP or explain why they have not done so. The Trustee has not included details of its manager

alignment policies in this SIP given the Scheme’s investment in a single bulk annuity contract and limited cash held in a liquidity fund.

6.3 The Trustee recognises that good stewardship practices, including engagement and voting activities, are important as they help preserve and enhance asset owner value over the long term. However, due to the nature of the single bulk annuity, the ability to practice good stewardship is limited. Further to this, the Plan does not invest in any assets with associated voting rights. The Trustee’s policy is generally to delegate responsibility for the stewardship activities (including voting rights and engagement activities) attaching to all investments to its investment managers. The Trustee considers this an appropriate policy given the Scheme’s assets and in the context of the Scheme’s investment in a single bulk annuity contract and limited cash held in a liquidity fund, the Trustee does not consider that it is able to meaningfully undertake engagement activities or exercise any voting rights.

6.4 The Plan’s only investment outside the single bulk annuity contract is in a pooled liquidity fund investing in bank deposits and cash. This fund is managed according to standardised fund terms that were reviewed by the Plan’s investment advisors at the point of investment to ensure alignment with the Plan’s long-term investment strategy and market best practice. The fund is monitored by the investment advisers who will assess any material changes notified by the manager.

6.5 The Trustee requires the investment manager of the liquidity fund to invest with a medium-to long-term time horizon, and use any rights associated with the investment to drive better long-term outcomes. The Manager is paid an ad valorem fee for a defined set of services. The Trustee reviews the fees periodically to confirm that they are in line with market practices.

6.6 The Trustee does not take account of any non-financial factors (such as member ethical views) and these are not currently taken into account in the selection, retention and realisation of the Scheme’s investments.

7. The Trustee will monitor compliance with this Statement

**APPROVED BY THE TRUSTEE**

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Name (Print) .....

**18. 04. 2023**

Signature Date .....