

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

February 2024

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 February 2024, 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 has entered into a bulk annuity insurance contract with Aviva Life & Pensions. This covers all members of the Plan. The bulk annuity contract is expected to provide an exact match for all of the Section’s accrued liabilities and is intended to provide an income to the Scheme matching the ongoing benefits due to the Plan’s members (e.g. pension payments) over the life of the Scheme.
- 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 Aon in consultation with Aviva Life & Pensions UK (as the nominated bulk annuity insurance provider to the Scheme) and the Trustee. The Trustee is responsible for the investment of the Scheme's residual assets outside of the bulk annuity contract.

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 Following the full Scheme buy-in and given the small size of the Trustee board, the Trustee believes a separate investment committee would not be appropriate. . Therefore, all decisions pertaining to investments of the Scheme's residual assets 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 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:
 - **The default risk of the chosen insurer Aviva Life & Pensions UK:** The Trustee recognises there are various risks the insurer faces that could lead to an increased risk of default, such as; the life expectancy of their policy holders increasing, the risk of material adverse market movements, poor liquidity management, the impact of subsequent insurance book transfers into Aviva Life & Pensions UK, and the risk that the insurer does not generate sufficient cashflows net of dividends to run its businesses effectively.

- The Trustee relies on the regulatory framework that the insurer operates under to mitigate the risks they face, e.g. the regulatory capital requirements, as well as the insurer’s risk management policies and controls which are expected to comply with these regulations.
 - Aviva Life & Pensions UK are authorised by the Prudential Regulation Authority (“PRA”) and regulated by the Financial Conduct Authority (“FCA”) and the PRA, which monitors their financial strength and solvency as part of its mandate.
 - In addition, in the event of default by the insurer, it is expected that attempts to transfer the responsibility to an alternative insurer will be made by the PRA. If such attempts fail, the Scheme is expected to be eligible for compensation from the Financial Services Compensation Scheme (“FSCS”), up to the full value of the benefits insured, based on the current FSCS rules.
- **The default risk of the Sponsor of the Plan:** However, 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 residual 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.

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 the residual cash

held in a liquidity fund, the Trustee has limited scope to consider these issues and has not taken any specific actions in relation to them.

- 6.2 The Trustee is 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 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 [DATE]

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Name (Print)

Signature Date