SG Pension Trustee Limited (“the Fund”)

Statement of Investment Principles (“SIP”)

Introduction

This Statement has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004), and the Occupational Pension Schemes (Investment) Regulations 2005.

The effective date of this SIP is 7 October 2025. The Trustee of the SG Pension Fund will review this SIP and the Fund’s investment strategy no later than three years after the effective date of this SIP and without delay after any significant change in investment policy.

Investment Objective

The aim is to prudently invest the Fund’s assets to ensure promised benefits are provided. The Trustee has fully insured these benefits to minimise the risk that the Fund is unable to meet this objective.

Strategy:

- The Fund invests primarily in a Bulk Purchase Annuity Agreement (“Annuity Policy”) with Aviva, designed to fully match liabilities and remove market-related risks and demographic risks from the Fund.
- Residual assets are invested in cash or money-market funds offering daily liquidity.
- Asset allocation considers funding position, liability profile, cashflow requirements, and Trustee’s objectives.
- Written advice from the investment adviser (Aon Investments Limited “AIL”) informs asset allocation decisions, considering diversification and alternative methods for securing benefits.
- The Trustee also consulted with the sponsoring employer when setting this strategy.

Risk Management:

- Funding risk is addressed by insuring liabilities through the Annuity Policy.
- Cashflow risk is managed by ensuring that the assets can be easily converted to cash when needed to meet liabilities. The Annuity Policy is structured to cover most of the payments required by the Fund.
- Covenant risk and operational risks are mitigated through consultation with the sponsor and qualified advisers.
- Annuity Policy default risk is assessed through due diligence on the insurer's credit strength, in addition to other factors such as the regulatory environment and other protections available (e.g., the Financial Services Compensation Scheme).

Implementation:

- The Trustee's investment adviser (AIL) provides investment advice, ensuring the Trustee is informed and decisions are monitored.
- Day-to-day asset management associated with the Annuity Policy is delegated to Aviva.
- The Trustee has delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments to Aviva through a written contract.

Responsible Investment:

- The strategy aims to act in the best financial interests of beneficiaries, considering Environmental, Social and Governance factors ("ESG"). The Trustee elected to invest the majority of the Fund's assets in an Annuity Policy and therefore has limited ability to influence the ESG policies and practices of the companies in which the Annuity Policy invests.
- Stewardship activities are delegated to Aviva to manage in line with their own policies.
- Given the relatively small proportion of Fund's residual assets and the limited materialist of stewardship to these asset classes, the Trustee does not have a formal stewardship policy in place for these assets.

Cost Monitoring:

- Following the purchase of the Annuity Policy, responsibility for monitoring costs of the majority of the Fund's assets has been delegated to Aviva.

Governance:

- The Trustee sets investment objectives and monitors strategy success, consulting with the sponsor and advisers.
- Direct investments are reviewed regularly, considering security, liquidity, profitability, and diversification.