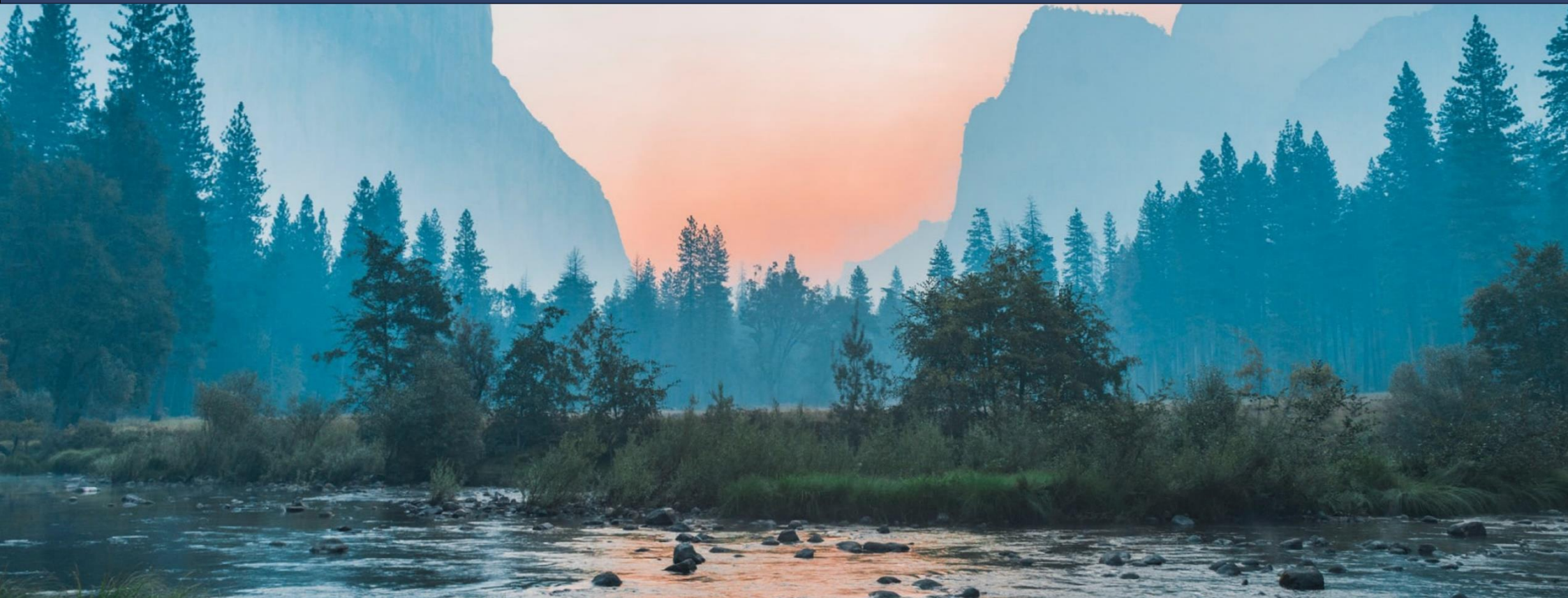


Statement of Investment Principles

For the Hoare's Bank Pension Scheme

Effective from: September 2023



1. Introduction

This Statement of Investment Principles (“SIP”) has been produced by Hoare’s Bank Pension Trustees Limited (the “Trustee”).

It sets out the Trustee policies on various matters governing investment decisions for the Hoare’s Bank Pension Scheme (“the Scheme”), which is a Defined Benefit (“DB”) Scheme.

This SIP replaces the previous SIP dated August 2021.

This SIP has been prepared after obtaining and considering written advice from LCP, the Trustee’s investment adviser, whom the Trustee believes to be suitably qualified and experienced to provide such advice.

The Trustee has consulted with the relevant employer in producing this SIP.

The Trustee will review this SIP from time to time and will amend it as appropriate. Reviews will take place without delay after any significant change in investment policy and at least once every three years.

This SIP contains the information required by legislation, and also considers the Pension Regulator’s guidance on investments.

2. Investment objectives

The primary objective for the Scheme is to ensure that the benefit payments are met as they fall due.

3. Investment strategy

To achieve its investment objective, the Trustee has entered into two bulk annuity contracts, which match all the benefits payable to the Scheme’s members.

The first annuity policy was purchased in July 2018 from Canada Life and matches the benefits payable to the Scheme’s pensioners who were retired at that time. The second annuity policy was purchased in August 2023 from Aviva and matches the benefits payable to all the remaining members of the Scheme.

The annuity policies are “buy-ins” and therefore remain assets of the Scheme. A cash balance is also held within the Trustee’s bank account, which may be used to meet expenses.

The investment strategy is reviewed on an ongoing basis for progress against the Trustee’s investment objective.

4. Considerations in setting the investment arrangements

The Trustee takes an integrated approach when assessing risk and reviewing the investment strategy. The Trustee takes account of the employer covenant, contributions, funding targets, liability profile (including interest rate and inflation sensitivities and the extent to which they are hedged) and the level of expected return and risk now and as the strategy evolves.

The primary way that the Trustee has managed risk in respect of all the Scheme’s members is by purchasing bulk annuity contracts, which has almost fully removed the investment risk that the Scheme is exposed to.

In setting the strategy for the Scheme it is the Trustee’s policy to consider:

- the Scheme’s investment objective, including the target return required to meet this;
- the circumstances of the Scheme, including the profile of the benefit cash flows (and the ability to meet these in the near to medium term), the funding level, and the strength of the employer covenant;
- the best interests of all members and beneficiaries;

- the risks, rewards and suitability of a number of possible investments and investment strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;
- any other considerations which the Trustee considers financially material over the time horizon that The Trustee considers is needed for the funding of future benefits by the investments of the Scheme; and
- the Trustee's investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

5. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from the Trustee's investment adviser as to whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

The Trustee has signed agreements with the bulk annuity providers setting out the terms on which they will meet member benefits as they fall due.

The Trustee has limited influence over its bulk annuity providers' underlying investment practices, but it encourages them to improve their practices where appropriate. It was the Trustee's responsibility to ensure that the bulk annuity providers' investment approaches were consistent with the Trustee policies before their appointment.

6. Realisation of investments

The annuity policies are structured to meet the Scheme's member pension payments as they fall due.

Any additional expenses can be met from the assets held in the Trustee bank account, which are realisable at short notice.

7. Financially material considerations and non-financial matters

The Trustee considers how ESG considerations (including but not limited to climate change) should be addressed in the selection, retention, and realisation of investments, given the time horizon of the Scheme and its members.

The Trustee influences the Scheme's approach to ESG and other financially material factors through its investment strategy and investment selection decisions.

The Trustee expects its bulk annuity providers to take account of financially material factors (including climate change and other ESG factors) within the parameters of the agreed policy terms. The Trustee encourages its providers to improve their ESG practices where appropriate, although it acknowledges that it has limited influence over providers' underlying investment practices.

The Trustee does not consider matters that are purely non-financial in nature (eg matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention, and realisation of investments.

8. Voting and engagement

Whilst the Scheme's investments do not carry voting rights, the Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, protect and enhance the long-term value of investments. The Trustee has selected some priority ESG themes to provide a focus for monitoring engagement activities. It reviews the themes and will update them if appropriate.

The Trustee has limited influence over its bulk annuity providers' exercise of rights attaching to their underlying investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors. The Trustee expects the providers to undertake voting and engagement for its underlying investments in line with their stewardship policies, considering the long-term financial interests of the Scheme's members. The Trustee sought to appoint bulk annuity providers that have strong stewardship policies and processes.

As all investments are held through bulk annuity contracts, the Trustee does not monitor or engage directly with issuers or other holders of debt or equity.