

# **GREEN GROUP RETIREMENT BENEFITS PLAN**

## **Statement of Investment Principles**

### **1. Introduction**

This edition of the Statement has been prepared by the Trustee of the Green Group Retirement Benefits Plan (The Plan) in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended) and Regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005, and any subsequent additional regulations. It supersedes the previous edition adopted by the Trustee in October 2020.

In preparing this edition the Trustee has taken appropriate written advice from a suitably qualified individual, Simon Jagger FIA, Director of Jagger & Associates Limited. The Trustee has also consulted with the sponsoring employer. This Statement is consistent with the Plan's governing documents.

The Plan provides final-salary related benefits and is registered with HM Revenue and Customs. There is no formal employer-related investment made by the Trustee, and none is intended. The employer intends to remit all relevant contributions to the Trustee within the relevant timescales.

### **2. Delegation of Investment Management**

The Trustee invests in a High Yield bond fund provided by Royal London Asset Management (RLAM), and a range of bond and cash funds provided by Legal & General Asset Management (L&G). The details of the managers' appointments, covering the roles of the various parts of their organisations, and their various subsidiaries and associated companies, are covered in the proposal forms and in any legally valid subsequent amendments thereof. The providers, where relevant, are suitably authorised under the Financial Services and Markets Act 2000.

The Plan also has pension policies relating to certain deferred members with Aviva (formerly Norwich Union) Insurance Company. As these policies mature, cash sums become available either for the purchase of annuities or for investment in the funds outlined in Section 3 below – the Trustee receives advice from the scheme actuary regarding the election of a lump sum or an annuity. The Plan's policies with Aviva which relate to pensioner members are not included here, as there are no strategic investment decisions to be made in respect of these.

The Plan also has annuity contracts relating to certain members (including pension increases), held via Legal & General Assurance Society. These contracts remain assets of the Plan.

The Plan also holds a number of individual commercial properties directly, which are in the process of being sold and the proceeds reinvested in the pooled funds. This Statement will not be revised to reflect the conclusion of that sale process.

The Trustee considers these investment products to be appropriate investments for the Plan in the preparation for Plan buyout and termination. In deciding to invest in these funds, the Trustee sought advice from their professional advisers as to the products' suitability. The Trustee will review their decisions from time to time with their advisers. When the Plan moves to holding a bulk annuity policy but is not yet wound up, this Statement will be revised accordingly.

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**3. The Investments Held**

The RLAM assets are in a Sterling Extra Yield Bond Fund. This is an actively managed bond fund that invests in conventional high yield stocks (defined as corporate bonds of lower than investment grade) and in unrated corporate bonds.

The L&G assets are initially in an index-tracking long-dated corporate bond fund and a liability-driven investment fund. Other bond and cash funds may be introduced if updated buyout liability information makes it appropriate to do so.

Full details of the investment restrictions placed on the managers (including restrictions in relation to the allocation of assets, credit limits, and the use of asset classes such as derivatives and foreign currency) are contained within the investment agreements mentioned above and in the individual products' documentation produced by the investment managers. The Trustee has placed no additional constraints on the fund managers.

**4. Expected Return on Investments**

The Royal London Sterling Extra Yield Bond Fund aims to achieve a high level of income, and seeks to achieve a gross redemption yield of 1.25 times the gross redemption yield of the FTSE Actuaries British Government 15 Years Index. In addition, RLAM and the Trustee broadly expects the fund to outperform the iBoxx Sterling Non-Gilts All Maturities Index by 1.5% p.a. (before fees) over rolling three-year periods.

There is no "expected return" for the L&G assets, given they are meant to be hedging the Plan's buyout liabilities.

The investment performance of the Plan is monitored quarterly on an independent basis through a report from Jagger & Associates.

**5. Risk Management and Risk Measurement**

The Trustee is satisfied that their managers are prudent and professional in their general approach to investment. The investment products used involve holding units in pooled funds that maintain diversified portfolios of underlying assets (e.g. bonds, and other financial instruments). This reduces the risk to the Plan and members of investing in any specific individual asset. The use of a passively managed fund for the some of the L&G exposure removes much of the risk involved in a purely active investment strategy.

The Trustee will keep the asset allocation under review, and risk measurement forms part of the performance monitoring process.

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**6. Realisation of Investments**

The Trustee's policy is to ensure that the assets invested are sufficiently realisable to enable the Trustee to meet their obligations to provide benefits as they fall due. The Trustee is satisfied that the arrangements in place conform to this policy. However, the Trustee monitors their net cashflow position, the likely need to realise capital, and hence any effect on asset allocation and the choice of investment funds.

**7. Additional Voluntary Contributions**

The Plan has available facilities with Prudential for members who wish to contribute to enhance their retirement benefits, but it is not open to new accounts. The Trustee believes these to be appropriate facilities for this purpose, but note that the decisions on the level of contributions paid and the funds used rest entirely with the members.

**8. Environmental, Social and Governance (ESG) Considerations including Voting and Engagement**

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest the Plan's assets in pooled funds and cannot therefore directly influence the environmental, social, and governance policies and practices of the companies in which the pooled funds invest. Instead, they have delegated the responsibility for these matters to their investment managers, who will from time to time report on their current and future actions in these areas.

The Trustee looks to consider, in so far as they have discretionary power to do so, non-financial matters such as the environmental impact and sustainability considerations of the Plan's investments. This may directly impact on the investment policy where such factors are deemed important to the value, selection, retention and realisation of the investments and within the wider economic system.

The Trustee will consider a manager's ESG credentials during their appointment process, and will ask for at least an annual written update on each manager's activity for the products used by the Trustee. The Trustee will include a statement in the annual report to advise members that this has been done.

As the Trustee uses pooled funds for their investments, their asset managers are not incentivised to align their investment strategy and decisions with the Trustee's policies, nor are they incentivised to make decisions based on assessments about medium to long-term performance of an issuer of debt or equity, nor to engage with those issuers in order to improve their performance. However, the managers may make such decisions and/or engage of their own accord.

Performance monitoring, manager remuneration and duration of manager appointments are covered elsewhere in this Statement, or in the Trustee's Annual Report. As the Trustee uses pooled funds, there is no targeted portfolio turnover or turnover range.

As the Trustee uses pooled funds, they do not need to have an engagement policy in relation to monitoring the capital structure of companies they invest in, or any associated potential conflicts of interest.

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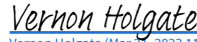
The Trustee publishes their SIP online for general public access. In addition, the Trustee publishes annually online an engagement policy implementation statement that outlines how the various requirements (set out above) have been followed during the year, and describes the voting behaviours of the asset managers on their behalf. However, for the assets now held, voting is not expected to be relevant.

**9. Compliance**

The Trustee will formally review this statement as and when required, at least triennially, with the assistance of their advisers. A copy of this statement is available for inspection by Plan members.

This statement has been agreed by the Trustee on 21<sup>st</sup> March 2023

Signed on behalf of the Trustee by

Name	Rupert Green	Signature	 <small>Vernon Holgate (Mar 21, 2023 11:54 GMT)</small>
Name	Vernon Holgate	Signature	 <small>Vernon Holgate (Mar 21, 2023 11:54 GMT)</small>

**Signature:**   
Rupert Green (Mar 21, 2023 06:57 GMT)

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# SIP Mar 2023

Final Audit Report

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