

# Center Parcs Senior Pension Scheme

## Statement of Investment Principles – June 2024

### Background

The Trustees of the Center Parcs Senior Pension Scheme ("the Scheme") have drawn up this Statement of Investment Principles ("the SIP") to comply with Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it). The Statement is intended to affirm the investment principles that govern decisions about the Scheme's investments and the Trustees believe that the investment policies and their implementation are in keeping with best practice, including the principles underlying the (Myners) Code of Best Practice for pension fund investment published in 2001 (as amended).

The Scheme operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries.

### Governance

The Scheme is governed by its trust deed and rules, which set out in detail the benefits and specify the Trustees' investment powers.

The Trustees makes the key strategic decisions relating to the Scheme's investments, and to support the objectives of the Scheme's investment strategy, it appointed Legal and General Assurance (Pensions Management) Limited ("Fiduciary Manager") as a Fiduciary Manager, giving the Fiduciary Manager discretion over the implementation and day-to-day management of the Scheme's investments. The Fiduciary Manager delegates its investment management powers to Legal & General Investment Management Limited ("LGIM"). LGIM is part of the same group of companies as the Fiduciary Manager. The Trustees have also appointed LGIM to provide investment advisory services under an investment advisory agreement on or around the same date. The Trustees may terminate their agreements with the Fiduciary Manager and LGIM in line with their terms and has terminated PMC's appointment as Fiduciary Manager shortly prior to this Statement's effective date.

When making investment decisions, and when appropriate, the Trustees take proper advice from LGIM, in its role as investment advisor. LGIM is qualified by its ability in, and practical experience of, financial matters and has the appropriate knowledge and experience to provide such advice. The Trustees review LGIM's performance and the Scheme's risk profile on a quarterly basis. When deciding on the long-term investment strategy and in preparing this Statement, the Trustees have consulted with the Scheme's sponsor. The ultimate power and responsibility for deciding investment policy lies solely with the Trustees.

### Investment Objectives

The Trustees aim to pay members benefits in a sustainable and secure manner. The Trustees are required to invest the Scheme's assets in the best interest of the members. The Trustee's objective is to meet pension payments as they fall due, with a low level of risk.

### Investment Strategy and Management of the Assets

In June 2024, the Scheme was sufficiently well-funded that the Trustees were able to purchase a Bulk Purchase Annuity or 'buy-in' policy issued by Legal and General Assurance Society Limited ("LGAS"). This policy covers all known members of the Scheme. Under the policy, LGAS is responsible for

meeting all future cash obligations to pay benefits insured under the policy. Following a period of data verification, the intention will be to finalise the insured benefits to reflect as closely as possible insured members' full Scheme entitlements. The Trustees intend to hold the Bulk Purchase Annuity until the end of its term subject to the provisions of the Bulk Purchase Annuity.

The Bulk Purchase Annuity can be considered to be a closely matching asset of equal value to the DB Section's known liabilities in relation to the insured members. The value of the Bulk Purchase Annuity is therefore expected to move in line with the value of those liabilities over time. LGAS's fees for providing the Bulk Purchase Annuity and administering benefits in the future were embedded within the initial premium paid.

Before purchasing the Bulk Purchase Annuity with LGAS, the Trustees received advice from both Hymans (specialist risk adviser) and LGIM in its capacity as investment advisor in relation to the suitability of using a qualifying insurance policy in order to meet the investment objective, and consulted the sponsor.

The holdings under the Trustees' PMC policy have been fully disinvested as part of the buy-in transaction, with the PMC policy now terminated.

The Trustees may hold a small amount of cash in the Trustee bank account for the purposes of prudent liquidity management and to pay any Scheme expenses that may arise. In the normal course of events, the Trustees do not expect to be able to obtain cash from the Bulk Purchase Annuity other than in respect of the member benefits insured with LGAS.

The safe custody of the underlying assets to which the Scheme is exposed is delegated to professional custodians via the LGAS and PMC issued insurance policies which the Trustees holds.

## Risks

The Trustees recognises a number of risks involved in investment of the assets of the Fund and also understand that this does not constitute an exhaustive list of the risks the Fund faces.

- The primary investment risk faced by the Scheme arises as a result of a potential mismatch between the Scheme's assets and its liabilities. This is therefore the Trustees' principal focus in setting investment strategy, which the Trustees believes is well-managed through the Bulk Purchase Annuity policy.
- The Scheme is exposed to counterparty risk associated with LGAS in respect of the Bulk Purchase Annuity policy. Before purchasing the policy the Trustee took advice from Hymans Robertson regarding LGAS's financial position and satisfied itself that this risk was sufficiently well-managed. LGAS operates as an insurance company in the UK, and therefore regulated by the UK Prudential Regulation Authority.

## Realisation of Investments

In purchasing the Bulk Purchase Annuity, the Trustees have sought to ensure that the Scheme will be able to meet its cashflow requirements. On this basis, the Scheme is not expected to be required to realise investments other than in the limited circumstances described in above in 'Investment Strategy and Management of the Assets'.

## Responsible Investment and Corporate Governance

The Trustees believe its main duty is to protect the financial interests of the Scheme's members, and to this end the Trustees have elected to invest virtually all DB Section assets in a Bulk Purchase Annuity policy with LGAS. The Trustees cannot, however, directly influence the social, environmental and governance (including voting policy) of the assets that LGAS holds to back the policy.

When selecting LGAS as Bulk Purchase Annuity Provider, the Trustees assessed LGAS's approach to social, environmental and governance (including voting policy) ("ESG") and concluded that LGAS takes decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity, taking into account all relevant matters pertaining to that security, in order to improve their performance in the medium to long-term. In addition, LGAS's voting policy reflects current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The Trustees concluded that LGAS assess the impact of ESG issues on the assets it holds backing the Bulk Purchase Annuity, and in exercising rights and stewardship obligations attached to the such assets.

## Fees and costs

The Trustees pay an annual management charge to PMC in respect of its PMC issued insurance policy. As described above in 'Investment Strategy and Management of the Assets', LGAS's fees for providing the Bulk Purchase Annuity and administering benefits in the future were embedded within the initial premium paid.

Given the limited range of investments held by the Scheme, the Trustees do not expect the Scheme's assets to generate portfolio turnover costs.

## Review of this Statement

The Trustees will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustees reasonably believe to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

## The Trustees of the Center Parcs Senior Pension Scheme