

AT Mays Limited Pension and Life Assurance Scheme

Statement of Investment Principles

May 2022

1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustee of the AT Mays Limited Pension and Life Assurance Scheme ("the Scheme"). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:
- the Pensions Act 1995, as amended by the Pensions Act 2004; and
 - the Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2010; the Occupational Pension Schemes (Charges and Governance) Regulations 2015; the Occupational Pension Schemes (Investment) (Amendment) Regulations 2018; and
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. The Principal Employer of the Scheme, Thomas Cook UK Travel Limited, has entered liquidation and the Scheme has concluded an assessment period for the Pension Protection Fund (the "PPF"), and will wind up outside of the PPF. Therefore, in preparing this statement the Trustee has obtained advice from Barnett Waddingham LLP, the Trustee's investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.
- 1.4. The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.5. The investment powers of the Trustee is set out in Clause 10 of the Definitive Trust Deed & Rules, dated 13 May 1999. This statement is consistent with those powers.

2. Choosing investments

- 2.1. In April 2022, the Trustee agreed a transaction with Pension Insurance Corporation ("the insurer"), under which the insurer has assumed liability to pay the Scheme's benefits as set out in the bulk annuity purchase contract. The contract therefore provides an exact match to the Scheme's experience.

3. Investment objectives

- 3.1. The Trustee has discussed key investment objectives in light of an analysis of the Scheme's liability profile as well as the constraints the Trustee faces in achieving these objectives. As a result, the Trustee's main investment objectives are:
- to ensure that they can meet the members' entitlements as they fall due, in accordance with the Trust Deed and Rules and overriding PPF requirements during the PPF assessment period;
- 3.2. Following the insolvencies of the Scheme's Employer, the Scheme does not have sufficient assets for the Trustee to secure the full Scheme benefits as set out in the Trust Deed & Rules. The Trustee is working to

buy out Scheme members' benefits in excess of PPF levels of compensation. The Trustee has secured annuity policies to meet the payments that the Scheme can afford to secure. The Trustee expects the remaining assets will meet the Scheme's objectives as best as possible, including the Scheme's expenses.

4. Kinds of investments to be held

- 4.1. The Deed and Rules dated 13 May 1999 allows the Scheme to invest in cash instruments; Annuities, assurance contracts, deposit administration or managed fund arrangement with an insurance company; Equities and units in a unit trust or other security; Property; Traded options and financial futures; and Annuity policies.
- 4.2. The Scheme has chosen to invest in a bulk annuity contract with the insurer in order to match the Scheme's liabilities.

5. The balance between different kinds of investments

- 5.1. The Scheme invests in a single contract that is expected to achieve the Scheme's objectives. More information is set out within the Appendix to this Statement.
- 5.2. From time to time the Scheme may hold cash in its bank account and therefore deviate from its strategic asset allocation in order to accommodate cashflow requirements or any other unexpected items.

6. Risks

- 6.1. Given the nature of the insurance contract (which exactly matches the Scheme's liabilities) the main remaining risk for the Scheme's investments is the solvency of the insurer. The Trustee assessed this prior to investing in the contract. The ongoing solvency and prudent management of the insurer is monitored within the regulatory regime for UK insurance companies.

7. Environmental, Social and Governance factors, voting and engagement

- 7.1. The Trustee believes that Environmental, Social and Governance considerations, which include climate change (hereafter referred to as "ESG"), have the potential to have a financially material impact. The Trustee appreciates that the method of incorporating ESG within an investment strategy and process will differ between asset classes.

In terms of the bulk annuity contract, there is limited scope for the consideration of ESG issues over any period from a financial materiality perspective given the investment is illiquid and its objective is to exactly match member experience. Given the contract is fully illiquid and covers the Scheme's full liabilities, there is not any selection, or realisation of invested assets, and therefore there are no financially material considerations that are taken into account in relation to this, or indeed in relation to the retention of the contract. There are no voting rights attached to the bulk annuity contract and the Trustee does not carry out engagement activities with the insurer given these are not expected to have a material impact on the investment, this includes issues such as capital structure, management of actual or

potential conflicts of interest. The Trustee would, however, expect the insurer to have (and follow) a conflict management policy given their regulated status.

The Trustee does not take account of non-financial matters (such as members' ethical views) in the selection, retention and realisation of investments.

8. Expected return on investments

- 8.1. The Trustee has chosen to invest in a bulk annuity policy with the intention of achieving returns in line with movements in the value of the Scheme's liabilities. The expected income from the annuity contract is that required to meet benefit payments.

9. Realisation of investments

- 9.1. Benefit payments are met by the insurer. In the short term the Trustee retains additional cash within the Scheme bank account to meet short term cashflow needs.

10. Investment arrangements

- 10.1. The Trustee only holds a bulk annuity contract with an insurer and cash in a bank account, and therefore does not invest with any asset managers. For this reason, there is no need for a policy in relation to the Trustee's arrangements with asset managers, as per the Occupational Pension Schemes (Investment and Disclosures) (Amendment) Regulations 2019.

11. Agreement

- 11.1. This statement was agreed by the Trustee, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the PPF, the fund managers, the actuary and the Scheme auditor upon request.

Appendix 1 Note on investment policy in relation to the current Statement of Investment Principles dated May 2022

The balance between different kinds of investment

The Trustee has secured an insurance contract in respect of the Scheme's liabilities with Pension Insurance Corporation. The insurer is supervised by the Prudential Regulatory Authority ("PRA") in co-ordination with the Financial Conduct Authority ("FCA") within the current regulatory context.

Kinds of investments to be held

The Trustee has considered all asset classes and has gained exposure to the following asset classes:

- Annuity policy and,
- Cash (bank account).

The balance between different kinds of investment

The Scheme has a strategic asset allocation (excluding cash held in the bank account) as set out in the table below.

Asset class	Strategic allocation
Pension Insurance Corporation bulk annuity policy	100%

The Scheme will hold cash in a bank account to cover aspects such as fees.

Fee agreements

There are no ongoing fees in respect of the Pension Insurance Corporation bulk annuity policy.

Barnett Waddingham are remunerated on a fixed fee and time cost basis depending on the work carried out.

Realisation of investments

Benefit payments are met by the insurer. The Trustee expects any fees to be met using the existing bank reserves.