

STATEMENT OF INVESTMENT PRINCIPLES

KING EDWARD VII'S HOSPITAL *SISTER AGNES* STAFF PENSION AND LIFE ASSURANCE PLAN (the 'Scheme')

1. This statement sets out the principles governing decisions about the investment of the assets of the Scheme. The Trustees of the Scheme (the 'Trustees') issue this statement to comply with section 35 of the Pensions Act 1995 (the 'Act') and the Occupational Pension Schemes (Investment) regulations 2005 (the 'Investment Regulations').

2. As the Scheme has 100 or more members and is a wholly insured scheme, this statement is required to cover (i) the Trustees' policy for compliance with the requirements of section 36 of the Act (choosing investments) and (ii) the reasons for the Scheme being a wholly insured scheme.

3. The Trustees' policy for compliance with the requirements of section 3 of the Act:

(i) The Trustees have obtained and considered proper advice on the question whether their investment in the with profits fund of Clerical Medical is satisfactory having regard to the requirements of the Investment Regulations, so far as relating to the suitability of investments and to the principles contained in this statement.

(ii) The Trustees have also determined at what intervals the circumstances, and in particular the nature of the investment, make it desirable to obtain such advice as is mentioned in (a) above and will obtain and consider such advice accordingly.

4. The reasons for the Scheme being a wholly insured scheme with Clerical Medical insurance company:

(i) the financial strength of the insurance company;

(ii) the regulation of the insurance company by the Financial Conduct Authority and the Prudential Regulation Authority and the protection for members afforded by the Financial Services Compensation Scheme;

(iii) the expertise of the insurance company in discretionary investment management and pensions administration; and

(iv) the provision of a guaranteed annuity value by the insurance company, which generally provides a better annuity for members than would be available in the market when, as at present, interest rates and yields on gilts are low.

5. As the scheme is wholly insured the trustees do not hold investments that confer voting rights directly nor do they have any direct relationship with asset managers. The majority of members are in receipt of pension and benefit from annuities issued by Clerical Medical and would not be affected by the insolvency of the employer (which the Trustees consider to be highly improbable while any member is not in receipt of benefits). Members not yet in receipt of benefits may be affected by the insolvency of the employer but would have protection under the Pension Protection Fund equal to 90% of the benefits due under the Scheme subject to a maximum amount payable to an individual in any year (currently £37,315 for a person taking pension at 65 with the maximum varying with the age at which payment is first made).

6. This statement will be reviewed at least every three years and without delay after any significant change in investment policy.

7. Before preparing this statement, the Trustees (i) obtained and considered the written advice of a person who is reasonably believed by the Trustees to be qualified by ability and practical experience of financial matters and to have appropriate knowledge and experience of the management of the investments of occupational pension schemes and (ii) consulted the employer in relation to the Scheme.

Simon Weil

Signed on behalf of the Trustees

Dated September 30, 2020