Sea Containers 1983 Pension Scheme

Statement of Investment Principles

1. Background

The Trustees of the Sea Containers 1983 Pension Scheme (the “Scheme”) have drawn up this Statement of Investment Principles (the “Statement”) to comply with the requirements of Section 35 of the Pensions Act 1995 (“the Act”) and subsequent legislation. As required under the Act, the Statement has been prepared after obtaining written professional advice from Mercer Limited (the “Investment Adviser”) which is authorised and regulated by the Financial Conduct Authority (“FCA”).

The Trustees are responsible for the investment of the assets. The investment responsibilities of the Trustees are governed by the Scheme’s Trust Deed and Rules and relevant legislation.

The Trustees will review this Statement from time-to-time to ensure that it remains appropriate. The Statement will be amended should any material changes be made to the Scheme’s investment arrangements.

2. Investment Objectives & Strategy

The Trustees’ primary objective is to invest the Scheme’s assets in the best interest of the members and beneficiaries to ensure pension obligations can be met as and when they are due.

The Trustees have invested the Scheme’s assets in a bulk annuity contract with an insurer, Aviva Plc (“Aviva”). The contract with Aviva is a buy-in policy. Following the buy-in policy, in addition to shares in SeaCo Ltd, there remains a small balance in a sterling liquidity fund which is used to meet ongoing expenses, final wind-up costs of the Scheme and any imminent member payments.

3. Invested assets

The day-to-day management of the Scheme’s invested assets is delegated to BlackRock Investment Management (“BlackRock”) who manage the assets on a non-discretionary basis.

The Scheme’s assets with BlackRock are managed according to the following benchmark:

Fund Name	***Benchmark Index***	***Benchmark allocation***
BlackRock Sterling Liquidity Fund	7-day LIBID	100.0%

*The fees for investing in this fund are 0.125% p.a.

4. Risk

The Trustees' policy on risk management is as follows:

- *The Scheme's Bulk Annuity provider.*

  The principal risk facing the Trustees and Scheme members is that Aviva may default on their obligations under the annuity contract to meet all future benefits. Before entering into the contract with Aviva, the Trustees obtained and carefully considered professional advice regarding the financial strength of Aviva and concluded that this risk was acceptably low.

Should there be a material change in the Scheme's circumstances, the Trustees will review whether and to what extent the investment arrangements should be altered.

The objectives set out above and the risks and other factors referenced in this Statement are those that the Trustees determines to be financially material considerations. Non-financial considerations are discussed in Section 7.

5. Day–to-Day Management of the Assets

Since July 2017 the Scheme has held a bulk annuity contract with Aviva which accounts for the vast majority of the Scheme's assets. The annuity provider is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority are registered in the United Kingdom.

6. Realisation of Assets

Aviva, via the bulk annuity policy, is responsible for meeting the Scheme's monthly cashflow requirements. A small balance remains in the BlackRock Sterling Liquidity Fund account and this will be used to fund the final wind-up costs and any imminent member payments.

7. Socially Responsible Investment ("SRI") and Corporate Governance

The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. However, the Trustees note that these risks are somewhat limited, given the nature of the Scheme's investments.

That said, given the nature of the assets invested in a bulk annuity policy (with the exception of the small cash balance at BlackRock) SRI and Corporate Governance considerations are delegated to a large extent.

The Trustees have given the appointed investment manager and bulk annuity provider full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

Member views are not taken into account in the selection, retention and realisation of investments.

The Trustees have not set any investment restrictions on the appointed investment managers in relation to particular products or activities.

8. Investment Manager Appointment, Engagement and Monitoring

Aligning manager appointments with investment strategy

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.

The Trustees have taken steps to satisfy themselves that the investment manager(s) have the appropriate knowledge and experience for managing the Scheme's investments and have the capability to carry out their work competently. The Trustees will periodically assess the continuing suitability of the investment manager(s).

As the Trustees invest in a pooled vehicles (other than for any direct holdings) they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

Evaluating investment manager performance

BlackRock are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustees are dissatisfied, then they will look to replace them.

Time horizon

The Trustees receive investment manager performance reports on a regular basis. The Trustees review the performance of the investments on an absolute basis and relative to pre-defined benchmarks (over relevant periods) on a net of fees basis. The Trustees' focus is on long-term performance but will put a manager 'on watch' if there are short-term performance concerns.

If a manager is not meeting its performance objectives, over sustained period of time, and after consideration of all relevant factors, the Trustees may take the decision to terminate the manager.

Portfolio turnover costs

Given the nature of the Scheme assets, the Trustees do not believe it is necessary or of value to monitor portfolio turnover and associated transaction costs.

Duration of investment arrangements

Since the Scheme is fully insured it does not have an explicit policy on investment management agreement duration.

9. Compliance with this Statement

The Trustees will monitor compliance with this Statement as appropriate, on the advice of Mercer. If appropriate the Trustees will also obtain written confirmation from the Insurer that they have given effect to the investment principles in this Statement so far as reasonably practicable and that in exercising any discretion the Insurers have done so in accordance with Section 4 of The Occupational Pension Schemes (Investment) Regulations 2005.

The Trustees of the Sea Containers 1983 Pension Scheme

September 2020