

Statement of Investment Principles

IHS (Global) Ltd Pension and Life Assurance Scheme

May 2020

Introduction

- 1 This document is the Statement of Investment Principles ('SIP') made by the Trustees of the IHS (Global) Ltd Pension and Life Assurance Scheme (the 'Scheme') in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it).
- 2 The Trustees will review this SIP at least every three years and without delay after any significant change in investment policy. The Trustees have very recently invested in a bulk annuity contract (buy-in) to match the liabilities of all members of the Scheme and this SIP has thus been revised. Before finalising this SIP, the Trustees took written advice from the Scheme's Investment Consultant (Willis Towers Watson, "WTW") and consulted IHS (Global) Ltd (the "Employer"). The ultimate power and responsibility for deciding investment policy, however, lies solely with the Trustees.

Scheme objectives

- 3 The Trustees' primary objectives are:
 - Following the investment in the bulk annuity contract, to fully buyout the Scheme with a UK regulated insurer, subject to affordability.
 - By investing in a bulk annuity contract which matches the liabilities of the Scheme, the Trustees aim to meet their objective of maintaining a suitable investment strategy which will meet the cost of current and future benefits which the Scheme provides until the buyout is completed.

Investment strategy

- 4 The Trustees have received advice in accordance with section 36 of the Pensions Act 1995 to determine an appropriate investment strategy for the Scheme and have received advice in respect of the investment in the bulk annuity contract. Prior to that investment, the Trustees had a desire to diversify the Scheme's risk exposures and to manage its investments efficiently in order to avoid accumulations of risk in the Scheme's assets and the Trustees believe that this investments moves towards meeting that desire.
- 5 The Trustees have invested in a bulk annuity contract (buy-in) to match the liabilities of all members of the Scheme. The buy-in was secured in a contract with Legal & General Assurance Society Limited ("L&G", "the insurer"). The contract is irrevocable and cannot be sold or surrendered. The buy-in will remain in place until buyout of the Scheme occurs. The Trustees remain responsible for paying all benefits which the Scheme provides.

- 6 The buy-in and cash held in the Trustee bank accounts are the only assets of the Scheme. As such, the regulatory requirements set out in Regulation 2(3)(b) and (c) of the Investment Regulations (SI 2005/3378) that this Statement would ordinarily be required to address concerning, inter alia, the realisation of investments are not covered in this SIP.
- 7 The Trustees, together with the Scheme's administrators, will hold sufficient cash to meet benefit and other payment obligations. The Trustees have put in place a Funding Agreement with the Employer dated 27 March 2020 that ensures the funds available to the Scheme's administrators will always contain a minimum of £150,000 (one hundred and fifty thousand pounds).

Investment managers

- 8 In accordance with the Financial Services and Markets Act 2000, the Trustees have set a general investment policy, in that they have purchased a bulk annuity contract with L&G.
- 9 The terms of the bulk annuity contract mean that the day-to-day method of operation, type of investments and the investment vehicles used to fund the insurer's contracted payments is solely decided by L&G. As such:
- All regulatory requirements that this Statement is required to address concerning how assets are invested by L&G do not need to be covered by this SIP.
 - All regulatory requirements that this Statement is required to address concerning alignment between the Trustees' policies (including ESG, stewardship and engagement of voting rights) and that of L&G do not need to be covered by this SIP.
 - All regulatory requirements that this Statement is required to address concerning the monitoring and incentivisation of L&G's performance and costs do not need to be covered by this SIP.

Other matters

- 10 The Scheme is a Registered Pension Scheme for the purposes of the Finance Act 2004.
- 11 The Scheme has no AVCs and will not allow any AVCs to be made.
- 12 With few exceptions, Trustees must not borrow money or act as guarantor for the purpose of providing liquidity (unless temporary).
- 13 The Trustees recognise that a number of risks have been transferred to L&G upon inception of the bulk annuity contract. Residual risks involved in the purchase of a bulk annuity contract include but are not limited to:

– **Liquidity risk:**

- The Trustees recognise that their ability to reconfigure the Scheme's assets to meet cashflows in the future is very limited as the bulk annuity contract is irrevocable and cannot be sold or surrendered. However this risk is managed as:
 - the buy-in policy is structured to meet all cashflows due out of the Scheme in respect of members' benefits.
 - any other costs are to be met from the two Trustee bank accounts one of which is managed by the Scheme's administrators for the payment of Scheme benefits and for associated administrative costs and the other is managed directly by the Trustees for the payment of fees due to the Scheme's advisors and for other expenses.

– **Sponsor risk:**

- is measured by receiving regular financial updates from the Employer.
- is mitigated by the buy-in policy reducing reliance on the Employer.

– **Counterparty risk**

- is measured by the probability that L&G fails to deliver the payments promised under the policy, due to insolvency or administration error.
- is managed by considering L&G's overall financial strength, the priority status of an insurance policyholder in an insurer insolvency, and the regulatory regime, currently administered by the Prudential Regulation Authority, within which insurance companies in the UK must operate. The Scheme will also be protected by cover offered through the Financial Services Compensation Scheme, which is currently set at 100% of the value of the claim for eligible claimants.