



Statement of Investment Principles (SIP)

This is the Statement of Investment Principles (the “Statement”) made by Greggs 1978 Pension Scheme Trustee Limited, as Trustee (the “Trustee”) of the Greggs plc 1978 Retirement and Death Benefit Scheme (“the Scheme”) in accordance with the Pensions Act 1995 (as amended). The Statement is subject to periodic review at least every three years and without delay after any significant change in investment policy.

Introduction

In preparing this Statement, the Trustee has consulted with the principal employer to the Scheme (Greggs plc) and has taken and considered written advice from Hymans Robertson LLP, as the Scheme’s appointed investment adviser.

The principles and practices adopted by the Trustee as the basis for its investment decision making are set out in its Investment Policy Implementation Document. The Scheme is a defined benefit scheme which closed to future accrual in April 2008 and to new members in January 2002. In May 2024, the Trustee entered into an insurance policy (“the Policy”) with AVIVA plc (“AVIVA”) which covers the benefits of the members of the Scheme.

The Trustee is supportive of the UK Stewardship Code, which seeks to improve the quality of engagement between institutional investors and investee companies. Where appropriate, the Trustee expects its providers to comply with the code and to produce a statement of their commitment to the code.

Scheme objective

The primary objective of the Scheme is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis.

The Trustee’s over-riding funding principles for the Scheme, pending buy-out and wind-up, are to ensure that there are always sufficient assets in the Scheme (at their realisable value) to meet 100% of benefits as they fall due for payment to members.

The value of liabilities is calculated on the basis agreed by the Trustee and the Scheme Actuary (Barnett Waddingham LLP). The funding position is monitored regularly by the Trustee and formally reviewed at each triennial actuarial valuation, or more frequently as required by the Pensions Act 2004.

Buy-in policy

In May 2024, the Trustee entered into an insurance policy with AVIVA which covers the benefits of the members of the Scheme. The Scheme closed to new members in January 2002, and as at 31 May 2024 there were no remaining active members. All of the Scheme’s assets (with the exception of residual cash in the trustee bank account) were transferred to AVIVA as an insurance premium at the time. The Trustee used their policies and beliefs when selecting Aviva as the Scheme’s buy-in provider. The Trustee’s policies and beliefs haven’t changed materially, and have been shared with Aviva.

Under the policy, AVIVA makes monthly payments to the Scheme to match the insured liabilities and cover benefit payments to members. AVIVA covers the longevity risks of members as well as the investment risks of the assets under the Policy. In entering the Policy, the Trustee received written advice as necessary from their professional advisers. AVIVA is regulated by the Financial Conduct Authority. The Trustee carried out extensive due diligence assessment on AVIVA noting the regulatory environment in which the insurer must operate.



Suitability

The Trustee has taken advice from the Scheme's risk transfer advisers and Scheme actuary who have confirmed appropriate knowledge and experience of the management of, and investment of, trust based schemes, to ensure that the Policy is suitable.

Investment strategy

All of the Scheme's assets, with the exception of small cash balance within the Trustee bank account to meet the running costs of the Scheme, now consist of the Policy, whereby the liabilities of the Scheme are secured by this matching asset.

Choosing investments

The Trustee has appointed the insurance provider AVIVA to manage the Policy which secures the Scheme's liabilities. AVIVA is solely responsible for the management of the assets backing the Policy and ensuring that sufficient funds are available to meet its obligations to the Scheme.

Kinds of investment which can be held

The Scheme may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property, and commodities, either directly or through pooled funds, as well as insurance policies, such as the AVIVA buy-in policy.

The Scheme may also make use of contracts of insurance, derivatives, and contracts for difference (or in pooled funds investing in these products), for the purpose of efficient portfolio management or to hedge specific risks. The Trustee considers all of these classes of investment to be suitable in the circumstances of the Scheme, after having taken suitable investment advice.

Balance between different kinds of investments

All of the Scheme's assets are now held in the Policy, which covers the Scheme's liabilities in full.

Risk

The Trustee has purchased the Policy which secures the Scheme's liabilities in full. All members covered by the Policy continue to be members of the Scheme, and the Trustee continues to have ultimate responsibility for the payment of benefits to these members. The Trustee recognises that the purchase of the Policy introduced some concentration and illiquidity risk (as the Policy cannot be readily sold).

The Policy exposes the Scheme to a degree of insurance provider risk, i.e. the risk that AVIVA fails to meet their obligations to the Scheme and its members. The Trustee expects the insurance provider risk to be addressed through the supervisory regime applicable to insurance companies within the UK. The Trustee monitors the monthly payments of benefits from the insurer to the Scheme. The Trustee has mitigated systemic risk through the purchase of the Policy, but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

Asset risks

The Trustee recognises that purchase of the Policy introduced some concentration and illiquidity risk (as the Policy cannot be sold). However, given the contractual and regulatory protection associated with the Policy, the Trustee is comfortable that on balance, this is a suitable investment for the Scheme.

Realisation of investments

The insurance contract with AVIVA is illiquid. This is recognised by the Trustee as it is not expected to be sold in the future.



Consideration of financially material factors in investment arrangements

The Scheme's Policy with AVIVA has not been structured with expected return in mind, but instead aims to match the Scheme's benefit obligations. However, as part of the broader formal insurer selection process, the Trustee has considered AVIVA's approach to integrating Environmental, Social and Governance (ESG) considerations, in addition to other factors such as financial strength, administration capabilities, and market experience.

The Trustee used their policies and beliefs, including those in relation to ESG considerations, when selecting Aviva as the Scheme's buy-in provider. The Trustee's policies and beliefs haven't changed materially and have been shared with Aviva.

Stewardship

Although AVIVA is solely responsible for management of the assets backing the Scheme's insurance policy (including any engagement with the underlying investee companies and issuers), the Trustee will periodically discuss with the insurer its approach to stewardship, including voting and engagement activity as relevant.

Additional Voluntary Contributions (AVCs)

Assets in respect of members' Additional Voluntary Contributions are held either in Aviva Cash Deposits, With Profits or Managed Funds managed by Aviva Life & Pensions Services Limited.

Statement approved by the Trustee on 13 February 2025