GREENVALE PRODUCE PENSION PLAN

STATEMENT OF INVESTMENT PRINCIPLES

SEPTEMBER 2020

1. INTRODUCTION

The Trustees of the Greenvale Produce Pension Plan (the 'Plan') have prepared this Statement of Investment Principles ('SIP') in order to comply with Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004) and the Occupational Pension Schemes (Investment) Regulations 2005.

This SIP replaces all previous Statements.

1.1 Before adopting this SIP, the Trustees have:

- Obtained and considered the written advice of Cartwright Benefit Solutions Limited, whom the Trustees reasonably believe to be qualified by its ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of such schemes. Cartwright Benefit Solutions Limited is also authorised under the Financial Services and Markets Act 2000 to provide investment advice to the Trustees, and;

- Consulted Greenvale AP Ltd (the 'Employer') on both the investment decisions taken by the Trustees and this Statement's content.

1.2 The Trustees of the Plan are responsible for the investment of the Plan's assets, but use information supplied by the Scheme Actuary, take advice from Cartwright Benefit Solutions and employ a fund manager to make the day-to-day investment decisions.

1.3 At the date of this SIP, the investment management is conducted by Legal & General Investment Management Limited.

1.4 The Plan is not a cross-border scheme. The Plan provides final-salary related benefits and is registered with HM Revenue and Customs. There is no employer-related investment, and none is intended. The Employer intends to remit all relevant contributions to the Trustees within the relevant timescales.

2. INVESTMENT OBJECTIVES

The primary focus of the Trustees is to ensure that, over the long-term, the Plan will always have enough money to meet the cost of payments to be made.

To increase the certainty of achieving the primary investment objective, the Trustees will aim to reduce the Plan's investment risk where possible and practical to do so, subject to still targeting sufficient investment returns. The level of investment risk will also be considered in the context of the ability and willingness of the Employer to support the investment risk being taken and the impact changes in financial market conditions may have on the Employer's future contribution requirements.

Subject to these considerations, the investment of the assets of the Plan aims to be consistent with funding the defined level of benefits promised to members within an acceptable level of risk.

Investment of assets should also be consistent with achieving full funding on a Technical Provisions basis and reducing volatility in the contributions required to the Plan over the long-term.

The Trustees understand that the Employer is willing to accept some volatility in the Employer's contribution requirements in the expectation that the total contributions payable would be lower than they otherwise would be (although in practice the actual contributions required could be much higher or much lower if the investments perform differently to expected).

3. INVESTMENT POLICY

The Trustees policy is that:

3.1 The Plan's investments are diversified by asset class, geographical area, sector and industry.

3.2 Investments are made with a view to meeting liabilities as they fall due.

4. DIVERSIFICATION ALLOCATION AND REALISATION OF ASSETS

4.1 To achieve the level of diversity required cost-effectively, the Plan's assets are all invested in pooled funds.

4.2 The allocation of assets between different classes of investment reflect the Trustees' view on the balance to be struck between returns and risk and on the extent to which the Plan's assets should be distributed so as to match liabilities. The asset allocation and any switching instructions are reviewed regularly taking into account market conditions and the Plan's asset liability profile.

4.3 The asset allocation of the Plan as at 31 August 2020 was as follows

LGIM Global Equity 70:30 Index Fund	47.5%
LGIM Active Corporate Bond Over 10 Years Fund	52.5%

4.4 The Trustees monitor upcoming Plan events to try to ensure that sufficient assets to meet requirements are readily realisable and wherever possible the realisation of assets will not disrupt the investment policy.

5. RISKS – MEASUREMENT AND MANAGEMENT

The Trustees regularly review a wide range of risks to which the Plan is exposed and mitigate these risks where possible and practical to do so. The Trustees believe that the investment strategy adopted is consistent with the agreed risk management policy.

The Trustees' policies on the key investment-related risks are as follows:

- Employer covenant: the investment risk taken by the Plan is underwritten by the Employer because, should investment returns not be achieved as expected over the longer-term, the Employer will ultimately be required to increase its contributions to enable all beneficiaries to be paid in full. The Trustees regularly monitor the Employer's covenant and consider the level of the Plan's investment risk in light of the strength of the Employer's covenant.

- Mismatch risk: the inherent nature of the assets and the liabilities, and the need for the Plan to take some investment risk to reduce the deficit over time, means that the assets and liabilities are not expected to move precisely in tandem under all financial market conditions and the surplus/deficit may rise or fall as a result. The Trustees explicitly take the Plan's liabilities into account when setting the investment strategy (including their nature and duration) and aim to diversify across and within the different risk factors where appropriate. The Trustees may look to further reduce the level of mismatch risk as the funding level improves.

- Active manager risk: the Trustees recognise that actively managed funds can under- or out-perform their benchmark indices. Actively managed funds are therefore used for asset classes where the Trustees believe that the chosen investment manager is likely to consistently and sustainably either out-perform the benchmark index, reduce the volatility of investment returns, or both.

- Diversification: in addition to diversifying across different risk factors (see above), where appropriate, the Trustees also diversify across asset classes, counterparties and geographically. This helps to avoid excessive concentrations of risk. To achieve cost-effective diversification, the Plan's assets are all invested in pooled funds.

- Liquidity: to pay beneficiaries, the Trustees are increasingly expected to need to regularly liquidate some of the invested assets to supplement any cash held in the Trustees' bank account and Employer contributions. Some asset classes can be relatively illiquid and/or volatile, creating disinvestment delays or crystallising potentially short-term investment losses. The Trustees regularly review the Plan's income and outgo in the context of the overall liquidity of the invested assets (i.e. this allows a proportion of the Plan's assets to be relatively illiquid if deemed appropriate). The Trustees also have an investment/disinvestment cash flow policy (see the Appendix) to help to ensure beneficiaries are paid as and when their benefits fall due. The selection, retention, and realisation of investments within the investment fund is delegated to the investment manager.

- Regulatory: the Plan's assets are invested on regulated markets.

6. MONITORING THE INVESTMENT STRATEGY

The Trustees regularly review the performance of the investment strategy, including: the performance of the Plan's assets against the Plan's liabilities, , the investment fund's performance against the benchmark and the investment/disinvestment cash flow policy.

The Trustees require the investment manager to report on the turnover of securities within invested portfolios and on the associated transaction costs, in order to assess whether such activity, and changes in it, appears reasonable, taking account of the nature of the fund concerned.

The Trustees will formally review and obtain written investment advice on the suitability of the investment strategy at least every three years in line with the timing of each triennial actuarial valuation. These reviews will include the ongoing suitability of the investment funds used.

Certain parts of the investment strategy may be reviewed more frequently if required.

7. EXPECTED RETURN

7.1 The Trustees expect the Plan's investments to achieve a return equal to the performance targets shown below:

Name of Fund	Benchmark	Performance Target
Global Equity 70:30 Index Fund	Composite of 70:30 distribution between UK and overseas	To match the benchmark
Active Corporate Bond – Over 10 years Fund	iBoxx £ Non-Gilt 10 Year Index	To exceed the benchmark by 0.75% per annum over three year rolling periods

8. MANDATES FOR THE FUND MANAGER AND ADVISERS

The investment manageris paid a percentage of the market value of the assets within the fund and additional performance fees may be payable. Some operational expenses are also incurred by the fund to cover administration, audit, legal and custodial costs, along with the transaction costs associated with the buying and selling of the underlying securities as the investment manager changes the constituents of the fund over time (particularly for actively managed funds).

The investment adviser is paid on a time-cost, fixed fee or other basis, as agreed from time-to-time between the Trustees and the investment adviser.

Investment Manager Fees are paid based on the market value of assets under management. The following fee arrangements apply:

Name of fund	Fee basis	
Global Equity 70:30 Index	For the first £2.5m	0.16%
	For the next £7.5m	0.15%
	For the next £15m	0.135%
Active Corporate Bond – Over 10 Years	0.25%	

9. ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE ('ESG')

The Trustees believe that their primary responsibility is to invest the Plan's assets for the longer-term financial best interests of the Plan's beneficiaries, as reflected by the Trustees' strategic investment objectives (including the Plan's time horizon). The Trustees believe that ESG factors (including climate change risks) can potentially have a material positive or negative financial impact on the Plan.

The Plan's investment funds are chosen to aim to achieve the Plan's strategic investment objectives, with consideration given to ESG factors over the Plan's investment time horizon when these fund choices are both made and reviewed from time-to-time. The Trustees are aware of and regularly monitor the Plan's investment time horizon. The Plan's time horizon may change over time and will depend on the length of time for which benefits will continue to be paid and if/when the Plan is expected to have sufficient assets to buy-out the liabilities. This means that the Trustees are able to take a medium- to long-term view of the Plan's investments when assessing managers' performance and/or asset allocation.

The Plan's investment funds are deliberately and consciously chosen to align with the Plan's strategic investment policies and objectives, in particular the investment funds' asset class exposure(s), the balance between different asset classes (where appropriate) and expected return and risk. In addition, the fees applicable to the Plan's investment funds are taken into account to ensure that these are also consistent with the Plan's investment policies and objectives.

A key element of the selection of the Plan's investment fund is the Trustees' assessment of the likelihood of the fund achieving its performance target on a medium/long term and sustainable basis, which is in part based on the fund's ability to select investee companies, for both debt and equity, that are sustainable and will produce good medium/long term performance on financial measures.

The Trustees also believe that, in general, good long-term performance on non-financial measures will support and contribute to good long-term performance on financial measures.

An important part of the fund's ability to invest sustainably in this way is to use the fund's position as a stakeholder, either unilaterally or in concert with other stakeholders, to engage with investee companies to look to improve their financial and non-financial performance.

The Trustees measure and monitor the performance versus target of the investment fund on an after fees basis where practical to do so. Part of this monitoring process includes the consideration of the portfolio turnover costs and whether (or not) the twelve-month turnover is consistent with the investment philosophy and process of the investment fund. Any inconsistencies will be considered. The portfolio turnover costs will be part of the after fees fund performance and are therefore reflected in that figure.

The Trustees' intention is to appoint investment managers for the long term and avoid switching between investment funds based solely on short term performance, thus incurring transaction costs which may or may not be offset by future returns. However, if the Trustees believe that an investment fund can no longer achieve its performance target and believe that it is in the Plan's best interests to make a change, they will do so.

Due to the Trustees' use of pooled investment funds, the application of ESG factors and the stewardship of the assets (including the exercising of voting and other rights attached to investments), are, ultimately, delegated to the investment manager and may differ depending on the the manager's own policies in this regard.

The Trustees periodically obtain and review the relevant ESG and Stewardship policy documents for the pooled investment fund in which it has invested. When relevant, the Trustees will challenge the investment manager on their policies. Should the Trustees be dissatisfied with the response, they will take the approach that is believed to be in the best interest of the Plan's beneficiaries, which could involve further engagement with the investment manager or disinvesting in favour of a more appropriate investment fund. This creates an incentive for the investment manager to ensure that they are aware of, and as far as possible, meet the Trustees' expectations with regard to ESG and Stewardship policy.

The Trustees do not explicitly take into account the views of the Plan's beneficiaries including (but not limited to) ethical views and views in relation to social and environmental impact and present and future quality of life of the Plan's beneficiaries.

10. ADDITIONAL VOLUNTARY CONTRIBUTIONS

Additional Voluntary Contributions are invested differently from the main assets. They are invested on a money purchase basis with Utmost Life and Pensions (formerly with Equitable Life Assurance Society), the Clerical Medical Investment Group and Aviva plc. The Additional Voluntary Contribution arrangements have now ceased to accept new contributions.

11. REPORTING AND REVIEW

The Trustees will review this SIP:

- At least every three years, and
- Immediately after any significant change in investment policy.

Any such review will be based on written investment advice from someone whom the Trustees reasonably believe to be qualified by his or her ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of such schemes. The Employer will also be consulted.

Signed: For and on behalf of the Trustees of the Greenvale Produce Pension Plan

Date: 30 September 2020