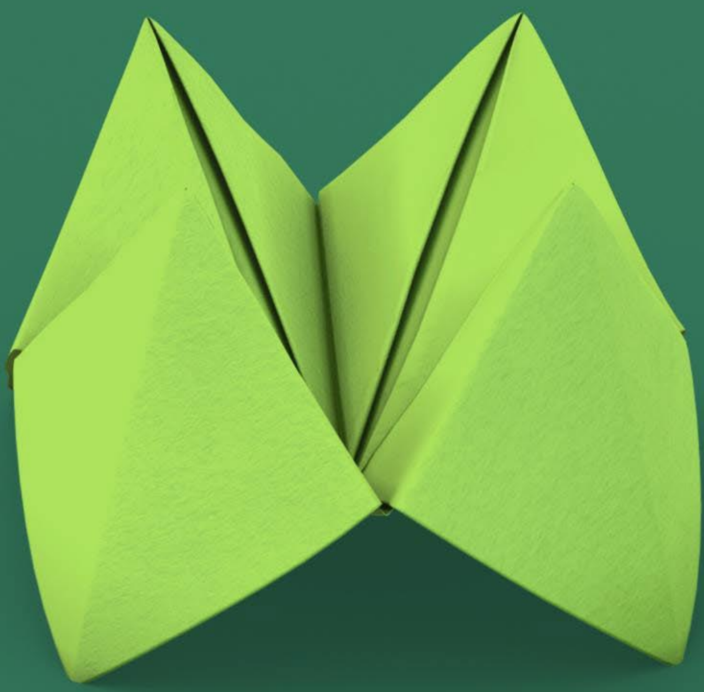
Grainfarmers Group Pension and Life Assurance Scheme

Statement of Investment Principles



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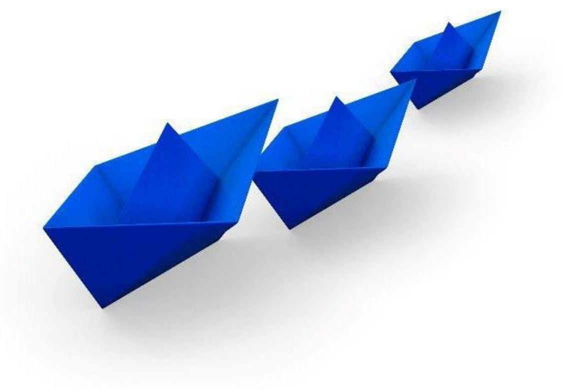
Contents

1 Executive Summary

This Investment Statement sets out the principles governing decisions about investments for the Grainfarmers Group Pension & Life Assurance Scheme ("the Scheme") to meet the requirements of The Pensions Act 1995, as amended by the Pensions Act 2004, and The Occupational Pension Schemes (Investment) Regulations 2005. It is subject to periodic review by the Trustee at least every three years and more frequently as appropriate.

In preparing this Statement, the Trustee has consulted with the Openfield Agriculture Limited (the "Company") and has taken professional advice from their Investment Consultant Isio Group Limited ("Isio").

This statement supersedes the previous Statement of Investment Principles ("SIP") signed by the previous Trustee Board on 15 September 2022 and any subsequent addenda.



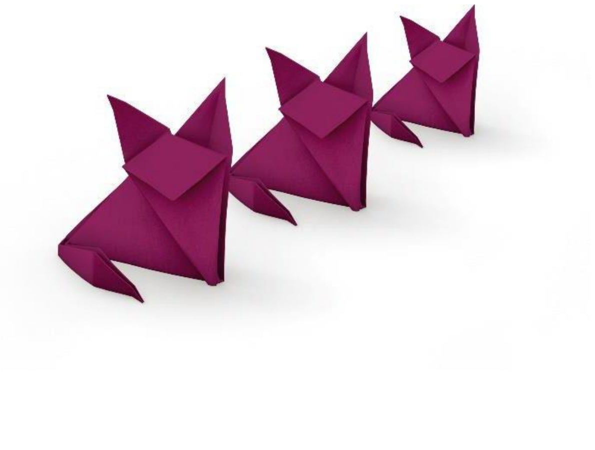
2 Investment Objective

The Scheme closed to new entrants and future benefit accrual on 31 October 2004.

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

The Trustee's medium-term objective is to reach and maintain a funding position of 100% of technical provisions – such a target being consistent with the strength of the Company covenant and the Trustee's investment risk tolerance.

The long-term funding objective is to reach a funding position such that all Members' benefits can be secured within an insurance contract (i.e. reach full funding on an insurance buy-out basis). The Trustee also considers the Scheme's funding position on other relevant bases for valuation and accounting. Funding positions are monitored regularly by the Trustee and formally reviewed at each triennial valuation, or more frequently as required by the Pensions Act 2004.



3 Investment Strategy

Following a review of the Scheme's investment strategy during February 2023, the Trustee has translated the Scheme's objectives into a suitable strategic asset allocation benchmark for the Scheme (the "strategic benchmark"). The Scheme benchmark is consistent with the Trustee's views on the appropriate balance between seeking an enhanced long-term return on investments and accepting greater short-term volatility and risk. Detail on the strategic benchmark is provided in the Appendix.

The investment strategy takes due account of the maturity profile of the Scheme, together with the level of disclosed surplus or deficit (relative to the Technical Provisions valuation). The Trustee monitors fund performance relative to the agreed asset allocation benchmark. It is intended that the investment strategy will be reviewed at least every three years following actuarial valuations and will normally be monitored annually. In monitoring performance and setting strategy, the Trustee seeks written advice from a suitably qualified person as required, currently Isio.

The Scheme employs a mix of both active and passive management. Detail on the investment management structure of the Scheme is provided in the Appendix.

4 Investment Management Arrangements

The Trustee has appointed four investment managers to manage the assets of the Scheme as listed in the Appendix. The investment managers are regulated under the Financial Services and Markets Act 2000.

All decisions about the day-to-day management of the assets have been delegated to the investment managers via a written agreement. The delegation includes decisions about:

- Selection, retention and realisation of investments including taking into account all financially material considerations in making these decisions;

- The exercise of rights (including voting rights) attaching to the investments;

- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustee take investment managers' policies into account when selecting and monitoring managers. The Trustee also take into account the performance targets the investment managers are evaluated on. The investment managers are expected to exercise powers of investment delegated to them, with a view to following the principles contained within this statement, so far as is reasonably practicable.

As the Scheme's assets are invested in pooled vehicles, the custody of the holdings is arranged by the investment manager.

The Trustee has appointed, M&G Investments ("M&G"), Apollo Management International LLP ("Apollo"), Legal and General Assurance (Pension Management) Limited ("LGIM") and Aviva Investors Global Services Limited ("Aviva") as investment managers.

The M&G diversified credit and long lease property allocations are actively managed with the aim of exceeding a performance target. The LGIM diversified growth allocations are actively managed with the aim of exceeding an absolute return target. The Apollo semi-liquid credit mandate is actively managed with the aim of the exceeding an absolute return target and the actively managed Aviva infrastructure equity mandate adopts a cash yield target.

The Trustee considers the different managers and asset classes described above, and the balance between them, to be suitable given the circumstances of the Scheme. This combination results in a diversified mix of assets, geographic spread and number of investments held. An analysis of the Scheme's investments by fund manager and asset class, as at 30 June 2023, is set out in the Appendix.

The Scheme may invest in quoted and unquoted securities of UK and overseas markets including equities, fixed interest and index linked bonds, cash, property, infrastructure either directly or through pooled funds. The Trustee considers all of these classes of investment to be suitable in the circumstances of the Scheme.

5 Investment Manager Monitoring and Engagement

The Trustee monitors and engages with the Scheme's investment managers and other stakeholders on a variety of issues. Below is a summary of the areas covered and how the Trustee seek to engage on these matters with investment managers.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy and Risk	The Trustee receives a quarterly performance report which details information on the underlying investments' performance, strategy and overall risks, which are considered at the relevant Trustee meeting. The Scheme's investment managers are invited, in person, to present to the Trustee on their performance, strategy and risk exposures.	There are significant changes made to the investment strategy. The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Trustee's expectations. Underperformance vs the performance objective over the period that this objective applies.
Environmental, Social, Corporate Governance factors and the exercising of rights	See Appendix C	See Appendix C

Through the engagement described above, the Trustee will work with the investment managers to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustee will review the relevant investment manager's appointment and will consider terminating the arrangement.

Expected return on investments

The investment strategy aims to achieve a return on Scheme assets which, taken in conjunction with contributions, is sufficient, over time, to match growth in the Scheme's pension liabilities.

The overall performance target (i.e., the expected return on the Scheme's investments) has been set at 2.1% p.a., based on Isio's central assumptions as at 30 June 2023. Further detail on the expected return on investments is provided in Appendix A.

Realisation of investments

The Trustee operates a bank account for daily cash flow needs. The Trustee recognises that assets may need to be realised to meet Scheme obligations at any time and will ensure that an appropriate amount of readily realisable assets are held at all times, and this will be part of the assessment for including new investments within the strategy.

Approximately 62.5% of the Scheme's investments may be realised quickly if required. The long lease property allocation, which has a target weight of 12.5% within the strategic benchmark, is relatively illiquid and has a 9-month redemption notice period. The Apollo semi liquid credit fund, which has a target weight of 10% within the strategic benchmark, has quarterly liquidity (with 60 days' notice period) following the initial 2-year lock-up period. The Aviva infrastructure equity mandate, which has a target weight of 15% within the strategic benchmark is a closed ended fund, with capital expected to be returned to investors over a specified period. All other asset allocations can be realised daily or weekly.

The Scheme is in a cashflow positive position (i.e., the cash paid out of the Scheme in benefits is less than the cash received).

The Trustee is currently drawing income from M&G Diversified Credit and Long-lease Property funds. The Apollo Semi Liquid Credit and Aviva Infrastructure Equity mandates are also providing income in the form of quarterly distributions. To the extent that this income, together with the cash contributions, is insufficient, any shortfall will be drawn from the assets to rebalance (excluding the Aviva Infrastructure Equity and Long- lease Property allocations).

Where assets need to be realised, the Trustee will consult with the Investment Consultant regarding the source and timing of disinvestments.

The Scheme does not have any formal rebalancing arrangements in place.

Instead, the Trustee will review the allocation quarterly, and instruct the Investment Managers to rebalance the allocation on the advice of the Investment Consultant. Any significant investments/disinvestment will be communicated to the Company for comment ahead of being implemented.

Additional voluntary contributions (AVCs)

Additional Voluntary Contributions (AVCs) policies are held with ReAssure and Phoenix Life Limited. As the Scheme is closed to new entrants and future accrual there are no new AVC investments.

Leverage and collateral management

The Trustee will adhere to all relevant regulatory guidance and requirements in relation to leverage and collateral management within the Scheme's liability hedging (LDI).

The Trustee has a stated collateral management policy / framework. The Trustee has agreed a process for meeting collateral calls should these be made by the Scheme's LDI investment manager. The Trustee will review and stress test this policy / framework on a regular basis.

Further details on this can be found in Appendix D.

Signed for and on behalf of Dalriada Trustees Limited as the Trustee of the Grainfarmers Group Pension & Life Assurance Scheme.

NAME (BLOCK CAPITALS)
TRUSTEE

Chris Roberts

Signed:

Date of Signing: 12/10/2023

Date of Amendments: May 2014;
June 2016;
May 2018
September 2019
September 2020
29 June 2022
XX September 2023

Appendices

Appendix A

Strategic Asset split be fund manager (as at 30 June 2023)

Fund Manager	%	Mandate	Assets
LGIM	12.5	Active	Diversified Growth
	10.0	Active	Absolute Return Bonds
	30.0	Active	Liability Driven Investment ("LDI")
M&G	12.5	Active	Long Lease Property
	5.0	Active	Diversified Credit
Apollo	10.0	Active	Semi Liquid Credit
Aviva[1]	15.0	Active	Infrastructure Equity
Cash	5.0	-	-
Total	**100.0**		

Totals may not sum due to rounding.

Asset split by asset class (as at 30 June 2023)

Asset Class	Strategic Benchmark (%)	Expected Return[1] (%)	Volatility[2] (%)
LDI	30	-	-
Absolute Return Bonds	10	1.5	4.0
Diversified Growth	12.5	3.5	12.5
Diversified Credit	5	2.5	11.0
Long Lease Property	12.5	2.5	8.0
Semi Liquid Credit	10	3.5	9.0
Infrastructure Equity	15	4.9	15.0
Cash	5	0.0	2.0
Total	**100.0**	**2.1%**	

Totals may not sum due to rounding.

1 Expected return assumptions are based on Isio's's central (best estimate) assumptions as at 30 June 2023 and are relative to the yield on fixed interest gilts.

2 Expected standard deviation of annual returns. Total volatility is based on an absolute level of volatility.

Appendix B

A non-exhaustive list of risks and financially material considerations that the Trustee has considered and sought to manage is shown below. The Trustees consider these factors will be financially material for the Scheme over the length of time during which the benefits provided by the Scheme for members require to be funded to a level which would allow the benefits to be bought out with an insurer.

The Trustee adopts an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks	Definition	Policy
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	– Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the sponsoring company's covenant strength. – Investing in a diversified portfolio of assets.
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	– Funding risk is considered as part of the investment strategy review and the actuarial valuation. – The Trustee will agree an appropriate basis in conjunction with the investment strategy to ensure an – appropriate journey plan is agreed to manage funding risk over time.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	– When developing the Scheme's investment and funding objectives, the Trustee takes account of the strength of the covenant ensuring the level of risk the Scheme is – exposed to is at an appropriate level for the covenant to support.

The Scheme is exposed to a number of underlying risks relating to the Scheme's investment strategy, these are summarised below:

Risks	Definition	Policy
inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in inflation expectations.	The funding basis approach aims to limit mismatch between asset and liabilities as it is based on the components of asset returns, which include inflation. The Trustee has also carefully considered appropriate asset classes that offer inflation linked returns.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values).
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors
Environmental, Social and Governance	See Appendix C	See Appendix C
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Hedge all currency risk on all assets that deliver a return through contractual income. Hedge 50% of currency risk on equities.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	See Appendix C

Appendix C

Financial Material Considerations

The Trustee has considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Scheme for members. It believes that financially material considerations (including climate change) are implicitly factored into the expected risk and return profile of the asset classes they are investing in.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest through pooled funds. The Trustee acknowledges that it cannot directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the Trustee does expect its fund managers and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustee accepts that the Scheme's assets are subject to the investment manager's own policy on socially responsible investment. The Trustee will assess that this corresponds with its responsibilities to the beneficiaries of the Scheme with the help of its investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies are also reviewed regularly for existing managers with the help of the investment consultant. The Trustee will only invest with investment managers that are a signatories for the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standard.

The Trustee will monitor financially material considerations though the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;

- Use ESG ratings information provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and

- Request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes, via its investment consultant.

If the Trustee determines that financially material considerations have not been factored into the investment managers' process, it will take this into account on whether to select or retain an investment.

Non-Financially Material Considerations

The Trustee has not considered non-financially material matters in the in the selection, retention and realisation of investments.

Stewardship

The Trustee's policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustee's behalf, having regard to the best financial interests of the beneficiaries.

The Trustee has acknowledged responsibility for the voting policies that are implemented by the Scheme's investment managers on its behalf. The Trustee will consider setting an expression of wish requesting their managers vote on certain issues in a particular way.

The investment manager should engage with companies to take account of ESG factors in the exercise of such rights as the Trustee believes this will be beneficial to the financial interests of members over the long term. The Trustee will review the investment managers' voting policies, with the help of its investment consultant, and decide if they are appropriate.

The Trustee also expect the fund manager to engage with investee companies on the capital structure and management of conflicts of interest.

The Trustees, via their investment advisers, will engage with managers about "relevant matters" at least annually.

If the policies or level of engagement are not appropriate, the Trustee will engage with the investment manager, with the help of its investment consultant, to influence the investment managers' policy. If this fails, the Trustee will review the investments made with the investment manager.

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code and expect investment managers to adhere to this where appropriate for the investments they manage.

Environmental, Social and Governance (ESG) and Climate Change Risks

There is a risk that ESG issues and climate change are not considered as part of the investment process and so may expose the portfolio to unexpected risks. This can lead to losses that may not have been factored into any expectations of future investment returns. The Trustee has considered ESG issues including climate change as part of the investment process.

Appendix D

Collateral management policy

The Trustee is targeting a level of collateral within the Scheme's automated collateral waterfall with LGIM (the Scheme's LDI manager) equivalent to at least 50% of the Scheme's LDI funds. This is estimated to be sufficient to cover at least 2 collateral calls.

The Trustee will review their collateral management policy no less frequently than annually, or as soon as possible in the event of significant market movements.

The Trustee also has a framework for topping up the collateral.

At the time of writing, the Trustee is targeting a level of collateral sufficient to withstand a yield rise to exhaustion of:

Trigger	**Action**	**Responsibility**
Pooled LDI fund issues capital call	Assets sold from nominated source of collateral	LGIM
When collateral falls below 50% of the value of the LDI portfolio.	Discussion on rebalancing nominated source of collateral to restore buffer to at least 50% of the value of the LDI portfolio.	Trustee

The latest collateral waterfall is set out below. Assets held with the same manager as the LDI mandate are shown in bold, reflecting the lower governance burden on the Trustees.

Manager	**Asset Class**	**Dealing frequency**	**Notice period**	**Settlement period**
LDI manager	**Cash**	**weekly frequency**	**T - 2**	**T + 3**
LDI manager	**Absolute Return Bonds**	**weekly frequency**	**T - 2**	**T + 3**
LDI manager	**Diversified Growth**	**weekly frequency**	**T - 2**	**T + 3**
Non-LDI manager	Diversified Credit	Daily frequency	T - 0	T + 2

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