CAMPDEN RA PENSION SCHEME

Statement of Investment Principles

September 2020

Approved by the Trustee on 21st September 2020

Contents

BACKGROUND

1. This Statement sets out the principles governing the investment of the assets of the Campden RA Pension Scheme (the "Scheme") in accordance with the requirements of the Occupational Pension Schemes (Investment) Regulations 2005.

   Under Section 35 of The Pensions Act 1995, the Trustee is required to prepare a written Statement of Investment Principles, dealing with specified matters.

2. This Statement has been agreed by the Trustee, who has obtained appropriate professional advice from its appointed Investment Consultants, Isio Group Limited/Isio Services Limited (‘Isio’). The Trustee has also consulted the Principal Employer, Campden BRI (the "Company"), regarding the investment policy described in this Statement.

3. The Scheme's assets are held under trust by the Trustee. The Trustee's investment powers are set out in Clause 6 of the Scheme's governing Trust Deed dated 30 October 2008. The content of this Statement does not conflict with those powers.

4. The Trustee employs Legal and General Investment Management (LGIM), Pictet Asset Management Ltd (PIC), Schroders Investment Management Limited (SPM), and Utmost Life and Pensions to manage the assets of the Scheme (together "the Investment Managers").

   The investment comprises units in pooled managed funds. The Investment Managers are responsible for the day-to-day investment management of the Scheme's assets held with them.

   The Financial Conduct Authority regulates the Investment Managers.

5. The portfolios of securities and cash underlying the units issued by the Investment Managers are held by independent corporate custodians and are regularly audited by external auditors.

6. The Trustee has signed an Investment Management Agreement with the Investment Managers setting out in detail the terms under which the portfolio is operated.

7. The management of the Scheme's assets is required to be consistent with this Statement.

8. The Trustee employs Isio as its Investment Consultants to advise on general matters relating to the investment of the Scheme's assets and on reviewing this Statement of Investment Principles. Isio is authorised and regulated by the Financial Conduct Authority.

INVESTMENT OBJECTIVES

1. The Scheme's Statutory Funding Objective (measured on an ongoing basis) is updated regularly in accordance with regulations. This Statement of Investment Principles takes into account the investment returns assumed in the Statutory Funding Objective and outlined in the Statement of Funding Principles.

2. In the Scheme's Statement of Funding Principles dated 14 March 2018 the discount rates used to assess the Scheme's liability were as follows:

   - Before retirement 4.5% p.a.
   - After retirement 2.5% p.a.

3. The Trustee aims to hold a portfolio of assets that will achieve returns in excess of investment returns indicated in the Statement of Funding Principles, without exposing the Scheme to excessive risk.

4. The Trustee has agreed with the Company to maintain a policy of investing in equity funds, target return type funds, bond funds, absolute return bond funds, and property investment.

INVESTMENT STRATEGY

1. The Trustee reviews its investment strategy at least at every triennial actuarial valuation, to ensure that the strategy remains consistent with its funding principles. The Trustee may review the strategy earlier than this if opportunities arise to reduce risk within the investments without jeopardising the funding position.

2. Following the actuarial valuation at 1 January 2017 the Trustee has developed a strategy broadly as follows:

Fund	Manager	Allocation
UK Equity Index Fund	LGIM	5%
North America Equity Index Fund	LGIM	20%
Europe (ex UK) Equity Index Fund	LGIM	
Japan Equity Index Fund	LGIM	
Asia Pacific (ex Japan) Developed Equity Index Fund	LGIM	
Diversified Growth Fund	SPM	40%
Dynamic Asset Allocation Fund	PIC	
Property Fund	LGIM	10%
AAA-AA-A Bonds All Stocks Index Fund	LGIM	25%
Over 15yr Gilts Index Fund	LGIM	
Over 5yr Index-Linked Gilts Index Fund	LGIM	
Absolute Return Bond Plus Fund	LGIM	
		100%

3. The Trustee monitors the actual asset allocation of the Scheme. If the asset allocation moves more than +/-5% from the benchmark allocation noted above, the Trustee will decide whether to amend the asset allocation.

4. The target return funds managed by SPM and PIC are actively managed.

5. The property fund managed by LGIM is actively managed.

6. The equity, bond and gilt funds managed by LGIM are passively managed.

7. The absolute return bond fund managed by LGIM is actively managed.

PERFORMANCE OBJECTIVES

1. The Investment Managers' performance benchmarks are as follows:

Fund	Manager	Performance Objective
UK Equity Index Fund	LGIM	To track the FTSE All-Share Index to within +/- 0.25% p.a. for two years in three
North America Equity Index Fund	LGIM	To track the FTSE AW-Developed North America Index to within +/- 0.5% p.a. for two years in three
Europe (ex UK) Equity Index Fund	LGIM	To track the FTSE AW-Developed Europe (ex-UK) Index to within +/- 0.5% p.a. for two years in three
Japan Equity Index Fund	LGIM	To track the FTSE AW-Japan Index to within +/- 0.5% p.a. for two years in three
Asia Pacific (ex Japan) Developed Equity Index Fund	LGIM	To track the FTSE AW- Developed Asia Pacific (ex-Japan) Index to within +/- 0.75% p.a. for two years in three
Diversified Growth Fund	SPM	CPI +5% p.a. net of fees over a five to seven year period
Dynamic Asset Allocation Fund	PIC	3 month UK LIBOR +4.0% p.a. net of fees over 3 - 5 year periods
Property Fund	LGIM	Outperform AREF/IPD UK Quarterly All Balanced Property Funds Index over three and five year periods
AAA-AA-A Bonds All Stocks Index Fund	LGIM	To track the iBoxx £ Non-Gilts (ex-BBB) Index to within +/- 0.5% p.a. for two years in three
Over 15yr Gilts Index Fund	LGIM	To track the FTSE A Government (Over 15 Year) Index to within +/- 0.25% p.a. for two years in three
Over 5yr Index-Linked Gilts Index Fund	LGIM	To track the FTSE A Index-Linked (Over 5 Year) Index to within +/- 0.25% p.a. for two years in three
Absolute Return Bond Plus Fund	LGIM	Outperform the 3 month USD LIBOR by 3.5% p.a. over a rolling 3 year period gross of fees

ANNUAL MANAGEMENT CHARGES

1. Investment Manager fees are currently charged on the following basis:

Fund	Manager	Fee (p.a.)
UK Equity Index Fund	LGIM	0.10% for first £10m
North America Equity Index Fund	LGIM	0.20% for first £1m 0.175% for next £1.5m 0.15% for next £7.5m
Europe (ex UK) Equity Index Fund	LGIM	0.25% for first £1m 0.225% for next £1.5m 0.20% for next £7.5m
Japan Equity Index Fund	LGIM	0.225% for first £1m 0.20% for next £1.5m 0.175% for next £7.5m
Asia Pacific (ex Japan) Developed Equity Index Fund	LGIM	0.275% for first £1m 0.25% for next £1.5m 0.225% for next £7.5m
Diversified Growth Fund	SPM	0.60%*
Dynamic Asset Allocation Fund	PIC	0.55%*
Property Fund	LGIM	0.70% for first £2.5m 0.65% for next £2.5m 0.60% above £5m
AAA-AA-A Bonds All Stocks Index Fund	LGIM	0.15% for first £5m
Over 15yr Gilts Index Fund	LGIM	0.10% for first £5m
Over 5yr Index-Linked Gilts Index Fund	LGIM	0.10% for first £5m
Absolute Return Bond Plus Fund	LGIM	0.37%

* Payable within the Unit Price. The Scheme qualifies for a longevity discount of 0.05% p.a. after being invested in the SPM Diversified Growth Fund for over 5 years.

Legal & General also charge an annual basic charge of £1,000.

ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

1. The Trustee provided a facility to members to pay AVCs to enhance their benefits at retirement, which is now closed.

2. AVCs are held separately from the assets managed under the Scheme.

3. Active members were able to contribute AVCs to Equitable Life to enhance benefits at retirement. The benefits available under these policies are earmarked for each individual member and reflect the premiums which they have paid and the investment return allocated to them. With effect from 1 January 2020 these benefits were transferred to Utmost Life and Pensions.

AVC FUND OPTIONS

Deferred members of the Campden RA Pension Scheme are able to invest their contributions in the following pooled funds operated by Utmost Life and Pensions.

- Multi-Asset Cautious Fund
- Multi-Asset Moderate Fund
- Multi-Asset Growth Fund
- FTSE All Share Tracker Fund
- UK Equity Fund
- Asia Pacific Equity Fund
- European Equity Fund
- Global Equity Fund
- US Equity Fund
- UK Government Bond Fund
- Sterling Corporate Bond Fund
- Money Market Fund
- Managed Fund

AVC ANNUAL MANAGEMENT CHARGES

Utmost Life and Pensions fees are currently charged on the following basis:

Fund	Fee (p.a.)
Multi-Asset Cautious Fund	0.75%
Multi-Asset Moderate Fund	0.75%
Multi-Asset Growth Fund	0.75%
UK FTSE All Share Tracker Fund	0.50%
UK Equity Fund	0.75%
Asia Pacific Equity Fund	0.75%
European Equity Fund	0.75%
Global Equity Fund	0.75%
US Equity Fund	0.75%
UK Government Bond Fund	0.50%
Sterling Corporate Bond Fund	0.75%
Money Market	0.50%
Managed Fund	0.75%

AVC PERFORMANCE OBJECTIVES

Fund	Objectives
Multi-Asset Cautious Fund	To provide capital growth in the long term by investing in a combination of asset classes including equities, fixed income, property and cash with the potential for low to moderate levels of price fluctuations.
Multi-Asset Moderate Fund	To provide capital growth in the long term by investing in a combination of asset classes including equities, fixed income, property and cash with the potential for moderate to high levels of price fluctuations.
Multi-Asset Growth Fund	To provide capital growth in the long term by investing in a combination of asset classes including equities, fixed income, property and cash with the potential for high levels of price fluctuations.
UK FTSE All Share Tracker Fund	To achieve long term capital growth and produce a return that, before expenses, matches the total return of the FTSE All Share Index.
UK Equity Fund	To achieve long term capital growth by investing mainly investing in UK companies.
Asia Pacific Equity Fund	To achieve long term capital growth by investing mainly investing in Asia Pacific companies (excluding Japanese).
European Equity Fund	To achieve long term capital growth by investing mainly investing in European companies (excluding UK).
Global Equity Fund	The investment objective of this fund is to achieve capital growth in the long term by investing in a diversified global portfolio of companies.
US Equity Fund	To achieve long term capital growth by investing mainly investing in US companies.

AVC PERFORMANCE OBJECTIVES

Fund	Objectives
UK Government Bond Fund	To achieve a positive return by investing primarily in a portfolio of UK Government Bonds.
Sterling Corporate Bond Fund	To achieve a return by investing primarily in a portfolio of sterling denominated corporate bonds.
Money Market Fund	To preserve capital whilst aiming to provide a return in line with prevailing short term money market rates
Managed Fund	To maximise overall return from investments covering the UK and overseas equities, gilt-edged and fixed interest stock and property.

TRUSTEE'S POLICY ON RISK

1. **Risk relative to the Liabilities**
The Trustee's view is that the investment strategy and the performance objectives are consistent with the long term nature of the Scheme, and in the long term, should provide returns in excess of those assumed in the actuarial valuation.

2. **Risk from lack of Diversification**
The Trustee believes that the need for an adequately diversified overall asset allocation is met by using a combination of funds described in the investment strategy, and is enhanced by the use of a number of different Investment Managers.

3. **Risk from Unsuitable Investments**
Whilst the Trustee accepts the need for diversification they recognise that some types of investment could be considered unsuitable. These include:
    - Investment in unlisted securities
    - Use of derivatives (except when entered into with appropriate safeguards)
    - Illiquid investments
    - Cash deposits with institutions with inadequate credit ratings

    The Trustee has considered these investments in conjunction with its Investment Managers and is satisfied that appropriate precautions are in place.

4. **Risk from Underperformance of the Investment Managers**
There is a risk that the Investment Managers fail to achieve their Investment Objectives. This risk is considered by the Trustee on the initial appointment of the Investment Managers and is reviewed on an ongoing basis by holding regular meetings with the Investment Managers.

5. **Risk from Self-Investment**
The Trustee does not hold any investments in Campden BRI nor is it intended that any such employer-related investment should be held at any time in the future.

6. **Risk from Company Failure**
The Trustee reviews the Company covenant on a regular basis and may review the appropriateness of the Scheme's investment strategy if there are any material changes to the following:
    - The creditworthiness of the Company and any breaches of covenants
    - The Company's balance sheet or borrowing or capital expenditure plans
    - Forecasts of cashflow

TRUSTEE'S POLICY ON INVESTMENT RISK

1. **Credit Risk**
   Credit risk is the risk that an issuer will default on a debt, resulting in financial loss for the lender. The Scheme is directly exposed to credit risk through funds being held by a third party in pooled investment vehicles. This risk is mitigated by the underlying assets of the funds being ring-fenced from the Investment Managers and managed by the relevant custodians, the regulatory environments in which the Investment Managers operate and diversification of investments through investing in a number of different asset classes across a number of different Investment Managers. Indirect credit risks arise from the underlying bonds held within the pooled funds, but these are mitigated by investing in pooled investment vehicles where the manager invests in a diversified pool of assets.

2. **Currency Risk**
   This risk arises from the value of an asset fluctuating due to changes in foreign exchange rates (currency pricing). Indirect currency risk arises from overseas investments, though active Investment Managers may hedge foreign currency exposure back to Sterling to mitigate this risk. The Trustee has chosen to leave the currency exposure associated with the Scheme's overseas equity investments fully unhedged.

3. **Inflation Risk**
   This is the risk that cash flows from an investment will not be worth as much in the future because of the effects of inflation. The Scheme is indirectly exposed to inflation risk through its bond and cash holdings. Equities in the long term have outperformed in real (inflation-adjusted) terms.

4. **Interest Rate Risk**
   This is the risk that the value of an asset will fluctuate with changes in interest rates. The Scheme is indirectly exposed to this risk through the bond, property and cash elements of the portfolio. The Trustee manages this risk through the matching characteristics of the underlying bonds' duration compared to that of the liabilities of the Scheme. As changes in interest rates affect bond, the liability value will be similarly affected, hedging some of the exposure to interest rate risk.

5. **Other Price Risk**
   The Scheme is exposed to other price risk through assets that will fluctuate because of factors specific to the instrument or issuer, not related to interest rate or inflation; this can include funds invested in equities, property or commodities. The Scheme is not exposed directly to this risk, however the Trustee has mitigated against indirect risk by investing in a diversified range of pooled investment vehicles.

REALISATION OF INVESTMENTS

1. The assets held by the Investment Managers are readily marketable. Notice for realisation of assets can be given on any working day for any amount.

2. Units issued by LGIM are credited to the Trustee and are redeemable at bid prices calculated from current stock prices plus any applicable charges. Units issued by PIC and SPM are single priced. Any redemptions that are made will be disinvested using the authorised price on that given day plus any applicable charges.

3. The Trustee needs to have regard to the Scheme's likely cashflow requirements in order to minimise the likelihood of having to realise investments when market conditions are unfavourable.

4. In order to meet the Scheme's benefits, the disinvestment of assets takes place. The funds from which disinvestments are made will be influenced by market conditions and asset distribution at the time

FINANCIALLY 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 managers’ own policies 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 signatories for the United Nations Principles of Responsible Investment (‘UN PRI’) or other similarly recognised standard.

The Trustee will monitor financially material considerations through 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 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.

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.

INVESTMENT MANAGER ARRANGEMENTS

Incentives to align investment managers investment strategy and decisions with the trustees' policies

The Scheme invests in pooled funds and so the Trustee acknowledges the fund's investment strategy and decisions cannot be tailored to the Trustee's policies. However, the Trustee sets its investment strategy and then selects managers that best suits its strategy taking into account the fees being charged, which acts as the fund managers incentive.

The Trustee uses the fund objective/benchmark as a guide on whether its investment strategy is being followed and monitors this regularly.

Incentives for the investment manager to make decisions based on assessments about medium to long-term financial and nonfinancial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term

The Trustee selects managers based on a variety of factors including investment philosophy, and process, which it believes should include assessing the long term financial and non-financial performance of the underlying company.

The Trustee also considers the managers voting and ESG policies and how it engages with the company as it believes that these factors can improve the medium to long-term performance of the investee companies.

The Trustee will monitor the fund managers' engagement and voting activity on an annual basis as they believe this can improve long term performance. The Trustee expects their managers to make every effort to engage with investee companies but acknowledges that their influence may be more limited in some asset classes, such as bonds, as they do not have voting rights.

The Trustee acknowledges that in the short term, these policies may not improve the returns it achieves, but do expect those companies with better financial and non-financial performance over the long term will lead to better returns for the Scheme.

The Trustee believes the annual fee paid to the fund managers incentivise them to do this.

If the Trustees feel that the fund managers are not assessing financial and non-financial performance or adequately engaging with the companies they are investing in, it will use these factors in deciding whether to retain or terminate a manager.

How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the trustees' policies

The Trustee reviews the performance of each fund quarterly on a net of fees basis compared to its objective.

The Trustee assesses the performance periods of the funds over at least a 3-5 year period when looking to select or terminate a manager, unless there are reasons other than performance that need to be considered.

The fund managers' remuneration is considered as part of the manager selection process and is also monitored regularly with the help of its investment consultant to ensure it is in line with the Trustee's policies.

How the trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range

The Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimize costs as they are measured on a net of costs basis.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers.

The Trustee does not believe in setting a portfolio turnover target – being the frequency with which the assets are expected to be bought/sold – because each investment manager's style differs in terms of level of frequent active management, and therefore turnover, involved. The Trustee believes transaction costs should be monitored indirectly as one aspect of a holistic approach to overall manager performance assessment.

The duration of the arrangement with the asset manager

The Trustee plans to hold each of its investments for the long term but will keep this under review.

Changes in investment strategy or change in the view of the fund manager can lead to the duration of the arrangement being shorter than expected.

COMPLIANCE WITH THIS STATEMENT

1. The Trustee will review this Statement in response to any material changes to any aspects of the investment arrangements detailed above. This review will occur no less frequently than every 3 years to coincide with the actuarial valuation. Any such review will be based on investment advice and will be in consultation with the Company.

2. Copies of this Statement have been supplied to the Actuary, the Company, the Investment Consultant and the Investment Managers.

Signed on behalf of the Trustee of the Scheme

Signed: .... Date: ....

Name: ....