

Origin UK Pension Scheme

Statement of Investment Principles

1 Background

Purpose of Statement	This Statement sets out the principles governing decisions relating to the investment of the assets of the Origin UK Pension Scheme (the Scheme).
Nature of Scheme	The Scheme is a defined benefit arrangement set up under trust and registered with HM Revenue and Customs (HMRC). The Scheme is sectionalised, and the Scheme's investments are attributable to the Main Section and the UAP Section in this Statement.
Compliance with Legislation	The Statement has been prepared to comply with Section 35 of the Pensions Act 1995, Section 244 of the Pensions Act 2004, the Occupational Pension Scheme (Investment) Regulations 2005, the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
Availability to Members	A copy of this Statement will be made available to Scheme members on request to the Trustees.
Investment Advice	<p>The Trustees have obtained and considered professional advice on the content of this Statement from Broadstone Consultants & Actuaries Limited (Broadstone – formerly BBS), their appointed investment adviser. Broadstone has confirmed to the Trustees that it has the appropriate knowledge and experience to give the advice required under legislation.</p> <p>The Trustees will obtain such advice as they consider appropriate and necessary whenever they intend to review or revise this Statement.</p>
Consultation with the Principal Employer	<p>The Trustees have consulted the Principal Employer, Agrii Holdings UK Limited, when setting their investment objectives and strategy, and in the preparation of this Statement.</p> <p>Responsibility for maintaining the Statement and determining the Scheme's investment strategy rests solely with the Trustees.</p>
Investment Powers	The Trustees' investment powers are set out in Rule 17 of the Trust Deed and Rules of the Scheme, dated 16 April 2014. The powers granted to the Trustees under this Rule are wide and this Statement is consistent with those powers.

2 Investment Objectives

Strength of Employer Covenant In determining their investment objectives and strategy, the Trustees have considered the strength of the Principal Employer’s willingness and ability to support the Scheme. They have determined that the employer covenant is sufficiently strong to allow them to take a long-term view in determining their investment objectives and strategy.

Key Funding Measure The Scheme is subject to the Statutory Funding Objective (SFO) introduced by the Pensions Act 2004, i.e. that it should have sufficient and appropriate assets to cover its Technical Provisions, as calculated in accordance with the Trustees’ Statement of Funding Principles.

In determining their investment objectives and strategy, the Trustees have agreed that the funding position measured under the SFO is the assessment of scheme funding that is of most importance to the Trustees, the Principal Employer and members, as it determines the Scheme’s funding requirements and members’ long-term benefit security.

Investment Objectives The Trustees’ investment objectives are as follows:

- To ensure that the assets are of a nature to enable the Trustees to meet the Scheme’s benefits as they fall due;
- To invest the Scheme’s assets in an appropriately diverse and liquid range of investments;
- To invest in a way that is consistent with the Scheme’s funding objectives, i.e. to invest so that the investment return assumptions used to determine the Trustees’ funding plan have a reasonable chance of being achieved in practice;
- To target a level of exposure to downside equity-like risk of the assets associated with each Section of the Scheme as follows:

Section	Exposure to downside equity-like risk associated with the assets
Main Section	32%
UAP Section	22%

- To target a level of hedging of the risk to funding associated with the impact of changes in long-term interest rates and inflation expectations on the Technical Provisions for each Section of the Scheme as follows:

Section	Target level of protection against interest rate risk
Main Section*	90%
UAP Section**	100%

*Relative to the Technical Provisions covered by the Section’s assets

**Relative to the Technical Provisions

- To consider implementing further measures to control volatility in the Scheme's funding position, as appropriate, if and when the funding position improves over time.

Paying Regard to the Principal Employer's Views The Trustees will have regard to the Principal Employer's views on the potential costs and risks associated with the investment objectives set and their implementation through the practical strategy.

3 Principles for Setting the Investment Strategy

Selection of Investments

The Trustees may select investments from a wide range of asset classes from time to time, including, but not restricted to UK equities, overseas equities, government bonds, corporate bonds, commercial property and alternative asset classes, such as hedge funds, private equity and infrastructure.

The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level.

The Trustees may invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Scheme's investments.

The Trustees may hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part or all of the future liabilities due from it.

The Trustees may hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme.

Balance of Investments

The Trustees will set a Target Asset Allocation from time to time, determined with the intention of meeting their investment objectives.

The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustees' view of the Principal Employer's covenant, the nature of the Scheme's liabilities or relevant regulations governing pension scheme investment.

Delegation to Investment Managers

The Trustees will delegate the day-to-day management of the Scheme's assets to professional investment managers (with the exception of the directly owned commercial property holdings) and will not be involved in the buying or selling of investments.

Realising Investments

The Trustees make disinvestments from the Investment Managers with the assistance of their administrators, JLT Employee Benefits, as necessary, to meet the Scheme's cashflow requirements.

4 Setting the Strategy

Target Asset Allocation

The Target Asset Allocation for the assets of each Section of the Scheme is as follows:

Asset Class	Main	UAP
Risk-controlled multi-asset	20%	25%
Multi-asset income	20%	-
With-profits	11%	-
Commercial property	1%	-
Multi-asset credit	20%	-
Absolute returns bonds	-	25%
Liability Driven Investment (LDI) funds	28%	50%
Total	100%	100%

Investment Managers

The Trustees entered into contracts with Apollo Global Management (Apollo) in June 2019, Aviva UK Life & Pensions (Aviva) in April 2014, Kames Capital (Kames) in June 2019, Legal & General Investment Management (LGIM) in October 2014 and TwentyFour Asset Management (TwentyFour) in June 2019. These companies undertake day-to-day investment management of the Scheme's assets.

The Investment Managers are authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000. The commercial property holdings are directly owned by the Scheme.

Strategies Used

The Trustees use the following funds operated by the Investment Managers for each Section of the Scheme, which are given together with their target allocation within the overall strategy.

Fund	Main	UAP
Risk-controlled multi-asset		
LGIM Dynamic Diversified Fund	20%	25%
Multi-asset income		
Kames Diversified Monthly Income Fund	20%	-
With-profits		
Aviva Red Plan	11%	-
Commercial property		
Direct investment	1%	-
Multi-asset credit		
Apollo Total Return Fund	20%	-
Absolute return bonds		
TwentyFour Absolute Return Credit Fund	-	25%
Liability Driven Investment (LDI) funds		
LGIM LDI Solution	28%	50%
Total	100%	100%

Details of the funds used to construct the LDI Solution for each Section of the Scheme are provided in Appendix A to this statement.

Maintaining the Target Asset Allocation

The Trustees have responsibility for maintaining the overall balance of the asset allocation relative to the Target Asset Allocation. The Trustees monitor the asset allocation on a regular basis with the assistance of their adviser, Broadstone, and will consider switching assets between funds should the allocation move significantly away from the Target Asset Allocation.

LGIM has responsibility for implementing specific levels of hedging against interest rate risk and inflation risk using the LDI solution, with an agreed level of discretion to rebalance the allocation to maintain the desired characteristics.

Performance Benchmarks and Objectives

The risk-controlled multi-asset fund, multi-asset income fund, multi-asset credit fund and absolute return bond fund are actively managed, with specific risk and return objectives. Their objectives are summarised below:

Fund name	Return benchmark	Return target
LGIM Dynamic Diversified Fund	Bank of England Base Rate	To outperform the return benchmark by 4.5% p.a. (gross of fees), over the course of an investment cycle, with around two thirds of the volatility associated with developed equity markets
Kames Diversified Monthly Income Fund	The fund does not have a formal performance benchmark	To provide an income yield of 5% per annum, and to provide a total return of 7%-8% per annum (net of fees), with between one half and two thirds of the volatility associated with global equity markets
Apollo Total Return Fund	The fund does not have a formal performance benchmark	To provide a total return of 4%-6% per annum in excess of cash (net of fees, in Sterling terms)
TwentyFour Absolute Return Credit Fund	3-month Sterling LIBOR	To outperform the return benchmark by 2.5% per annum (net of fees), over rolling three year periods, with volatility in returns of less than 3% per annum

The LGIM LDI Solution has an objective to provide a level of return consistent with a target level of sensitivity to changes in long-term interest rates and inflation expectations. The combination of funds used is intended to meet the Trustees' target levels of hedging against the interest rate risk and inflation risk associated with the liabilities of each Section of the Scheme.

The Aviva with-profits fund and direct commercial property holdings have no explicit performance benchmark or objective. The Aviva with-profits fund has an underlying guaranteed rate of investment return that is valuable in the context of current market conditions.

Investment Management Charges

The annual management charges for each of the funds used, based on the assets under management at the date of this Statement, are given below:

Fund	Annual Management Charge
LGIM Dynamic Diversified Fund	0.50% p.a.*
Kames Monthly Diversified Income Fund	0.55% p.a.**
Apollo Total Return Fund	0.90% p.a.
TwentyFour Absolute Return Credit Fund	0.40% p.a.
LGIM LDI Solution	0.24% p.a.

*The AMC is discounted to 0.35% p.a. until further notice

**The AMC is discounted to 0.45% p.a. until further notice

Aviva do not apply any explicit annual management charges for holdings in the Red Plan, as management charges are deducted before bonuses are declared. In addition, there are no management charges incurred through the direct commercial property holdings, as these are met directly by the tenant.

Employer Related Investment

The direct commercial property held under the Main Section of the Scheme is leased to a company associated with the Principal Employer and therefore represents an employer-related investment. Given the current nature and size of this investment, the Trustees consider the risk of the value of such an investment exceeding 5% of that of the Scheme's total assets (in respect of all Sections combined) to be very small. However, the Trustees do review the position from time to time and would take action to rectify the position should a breach occur.

Additional Voluntary Contributions (AVCs) and Defined Contribution Assets

The Scheme holds AVCs separately from the assets backing defined benefits via investments held with Aviva Life & Pensions UK, Utmost Life & Pensions and Royal London Mutual Insurance Society.

In addition, the Scheme holds defined contribution assets with Prudential Assurance, in respect of historical National Insurance rebates.

The Trustees have prepared a separate governance statement in connection with these assets.

Further details on the AVCs and defined contribution assets of the Scheme are provided in Appendix B to this Statement.

5 Expected Returns and Risks

Overall Return Target

The Trustees' objective is for the Scheme's assets to produce a return in excess of the growth in the value of its liabilities calculated under the SFO.

The Trustees expect the assets to produce a return in excess of the long-term growth in the value of the liabilities calculated under the SFO over an economic cycle of five to seven years as follows:

Section	Excess return in excess of the growth in the value of the liabilities
Main Section	0.8% p.a. to 1.9% p.a.
UAP Section	0.5% p.a. to 1.1% p.a.

Expected Returns

Over the long-term, the Trustees' expectations are to achieve the following rates of return from the asset classes they make use of:

Asset Class	Expected return
Risk-controlled multi-asset and multi-asset income	Similar with the return from global equities over an economic cycle of five to seven years, with significantly reduced volatility.
With-profits	In line with the implied guaranteed rates of return under the policy.
Commercial property	A rate of return similar to that for equities over the long-term.
Multi-asset credit	In excess of the return expected on cash, using a diversified range of fixed income instruments, including sub-investment grade bonds
Absolute return bonds	In excess of the return expected on cash, with low levels of return volatility
Liability Driven Investment (LDI) funds	In line with the sensitivity of the SFO liabilities to changes in interest rates and inflation expectations, allowing for the target level of hedging specified by the Trustees from time to time.

Consideration of Risks

The Trustees have considered various risks the Scheme faces, including market risk, interest rate risk, inflation risk, default risk, concentration risk, manager risk and currency risk, and consider that the Target Asset Allocation strikes a reasonable balance between risk mitigation and seeking an appropriate level of return, taking account of the strength of the Principal Employer's covenant and the long-term nature of the Scheme.

Risk Relative to the Value of the Scheme's Key Funding Measure	<p>The Target Asset Allocation has been determined with due regard to the characteristics of the Scheme's Technical Provisions.</p> <p>The calculation of the Scheme's Technical Provisions uses assumptions for future investment returns and price inflation expectations that are based upon market values of financial securities such as fixed interest and index-linked government bonds. This means that the Technical Provisions are sensitive to changes in the price of these assets as market conditions vary, and can have a volatile value.</p> <p>The Trustees accept that their investment strategy may result in volatility in the Scheme's funding position. Furthermore, the Trustees also accept that there is a risk that the assets will not achieve the rates of investment return assumed in the calculation of the Scheme's Technical Provisions.</p>
Concentration of Risk and Diversification	<p>To reduce the risk of concentration within the portfolio, the Trustees will monitor the overall mix of asset classes and stocks in the investment strategy with their investment adviser, Broadstone.</p> <p>The Trustees invest in a wide range of asset classes through the funds and strategies they use and consider the Scheme's strategy to be well diversified.</p>
Manager Controls and Custodianship	<p>The day-to-day activities that the Investment Managers carry out for the Trustees are subject to regular internal reviews and external audits by independent auditors to ensure that operating procedures and risk controls remain appropriate.</p> <p>Safe-keeping of the Scheme's assets held with the Investment Managers is performed by custodians appointed by the Investment Managers.</p>
Manager Security	<p>The Trustees have considered the security of the Scheme's holdings with the Investment Managers, allowing for their status as reputable regulated firms, and consider the associated protection offered to be reasonable and appropriate.</p>
Monitoring and Management of Risks	<p>The Trustees will monitor the investment and funding risks faced by the Scheme with the assistance of their investment advisers and the Scheme Actuary at least every three years. The Trustees will consider the appropriateness of implementing additional risk mitigation strategies as part of such reviews.</p> <p>In addition, the Trustees will review wider operational risks as part of maintaining their risk register.</p>

6 Responsible Investing, Governance and Engagement

Financially Material Considerations Related to Environmental, Social and Governance Considerations

The Trustees recognise that Environmental, Social and Governance (ESG) issues can and will have a material impact in the companies, governments and other organisations that issue or otherwise support the assets in which the Scheme invests. In turn, ESG issues can and will have a material financial impact on the returns provided by those assets.

The Trustees delegate responsibility for day-to-day decisions on the selection of investments to the Investment Managers. The Trustees have an expectation that the Investment Managers will consider ESG issues in selecting investments, or will otherwise engage with the issuers of the Scheme's underlying holdings on such matters in a way that is expected to improve the long-term return on its assets.

The Trustees do not currently impose any specific restrictions on the Investment Managers with regard to ESG issues, but will review this position from time to time. The Trustees receive regular information from the Investment Managers on their approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Scheme's investments associated with the impact of climate change on the Scheme's assets as a longer term risk and likely to be less material in the context of the short to medium term development of the Scheme's funding position than other risks. The Trustees will continue to monitor market developments in this area in conjunction with their adviser.

Views of Members and Beneficiaries

The Scheme is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustees therefore do not explicitly seek to reflect any specific views through the implementation of the investment strategy.

Engagement and Voting Rights

Responsibility for engagement with the issuers of the Scheme's underlying investment holdings and the use of voting rights is delegated to the Investment Managers. The Trustees can therefore only influence engagement and voting policy indirectly.

The Investment Managers provide, on request, information to the Trustees on their actions in relation to engagement and use of voting rights. The Trustees are therefore aware of the policies adopted by the Investment Managers.

Capital Structure of Investee Companies

Responsibility for monitoring the make up and development of the capital structure of investee companies is delegated to the Investment Managers. The Trustees expect the extent to which the Investment Managers monitor capital structure to be appropriate to the nature of the mandate.

Conflicts of Interest

The Trustees maintain a separate conflicts of interest policy and register.

Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the Investment Managers, while also setting out a process for their management.

Incentivisation of Investment Managers

The Investment Managers are primarily remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund.

The Trustees do not directly incentivise the Investment Managers to align the approach they adopt for a particular fund with the Trustees' policies and objectives. Instead, the Investment Managers and the funds are selected so that, in aggregate, the returns produced are expected to meet the Trustees' objectives.

Neither do the Trustees directly incentivise the Investment Managers to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustees expect such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Scheme.



7 Review and Monitoring


Frequency of Review	<p>The Trustees will review this Statement at least every three years or if there is a significant change in the Scheme's circumstances or the regulations that govern pension scheme investment.</p>
Monitoring the Investment Strategy and Managers	<p>The Trustees employ Broadstone to assist them in monitoring the performance of the Scheme's investment strategy and Investment Managers.</p> <p>The Trustees receive quarterly reports from the Investment Managers and meet with their representatives periodically to review their investment performance and processes.</p> <p>The Trustees and Broadstone will monitor the Investment Managers' performance against their performance objectives.</p> <p>The appropriateness of the Investment Managers' remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise a manager has had in meeting its objectives, both financial and non-financial.</p>
Portfolio Turnover Costs	<p>The Trustees expect the Investment Managers to change underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.</p> <p>The Trustees therefore do not set a specific portfolio turnover target for their strategy or the underlying funds.</p> <p>The Investment Managers provide information on portfolio turnover and associated costs to the Trustees so that this can be monitored, as appropriate.</p>
Review of Investment Managers and Defined Contribution Assets	<p>The Trustees will consider on a regular basis whether or not the Investment Managers, the AVC providers and manager of the defined contribution assets remain appropriate to continue to manage the Scheme's investments, AVCs and defined contribution assets.</p>
Information from Investment Managers	<p>The Investment Managers will supply the Trustees with sufficient information each quarter to enable them to monitor financial and non-financial performance.</p>

Signed

Name

Date

On behalf of the Trustees of the Origin UK Pension Scheme



CHAIRE TRAGLE HRT Trustees Ltd.

27th February 2020.

Appendix A – LDI Solutions

The Trustees use the following funds operated by LGIM within the LDI solution of each Section:

Main Section

Fund
LGIM Matching Core Shorter Nominal Fund
LGIM Matching Core Longer Nominal Fund
LGIM Matching Core Shorter Real Fund
LGIM Matching Core Longer Nominal Fund

UAP Section

Fund
LGIM Matching Core Shorter Real Fund
LGIM 2027 Gilt Fund
LGIM 2034 Gilt Fund
LGIM 2038 Gilt Fund
LGIM 2042 Gilt Fund
LGIM 2049 Gilt Fund
LGIM 2060 Gilt Fund
LGIM 2024 Index-Linked Gilt Fund
LGIM 2027 Index-Linked Gilt Fund
LGIM 2035 Index-Linked Gilt Fund
LGIM 2040 Index-Linked Gilt Fund
LGIM 2050 Index-Linked Gilt Fund
LGIM 2055 Index-Linked Gilt Fund

Appendix B – Defined Contribution Assets

The Scheme currently uses the following providers to manage the defined contribution assets of the Scheme:

- Prudential Assurance (Prudential) to manage defined contribution assets accumulated in respect of former National Insurance rebates under the Main Section of the Scheme;
- Aviva Life & Pensions UK (Aviva) to manage the AVCs under the Main Section of the Scheme;
- Utmost Life & Pensions (Utmost) to manage the AVCs under the Main Section of the Scheme; and
- Royal London Mutual Insurance Society (Royal London) to manage the AVCs under the Main Section of the Scheme.

Where members do not or cannot make their own investment choice to invest their AVCs or defined contribution assets, the default arrangements below are used for investment purposes. These are provided with the indicative management charge for the with-profits funds managed by Prudential, Aviva and Royal London, and the management charge confirmed by Utmost for its default investment approach. The management charges for the with-profits funds are deducted from the overall funds and not on an individual by individual member basis. Actual investment charges applied within the with-profits funds can vary over time.

- The Prudential With Profits Fund for those defined contribution assets invested with Prudential under the Main Section. The indicative management charge is 1.25% per annum.
- The Aviva With Profits Fund for those AVCs invested with Aviva under the Main Section. The indicative management charge is 0.875% per annum.
- The Utmost Investing By Age Fund for those AVCs invested with Utmost under the Main Section. The management charge varies between 0.50% per annum and 0.75% per annum, based on the age of member.
- The Royal London Deposit Account Fund for those AVCs invested with Royal London under the Main Section. The indicative management charge is 0.95% per annum.

For members who have invested their AVCs with Utmost, a range of fund options is available to members, and members are entitled to switch between these funds. The management charges for these fund options (excluding the default arrangement above) varies between 0.50% per annum and 0.75% per annum. For all other members, only the default arrangement is offered by the providers.

In addition to the above, Prudential also manage the assets held in respect of transferred-in money purchase benefits under the Main Section. Members who hold these benefits are able to invest in the Prudential With Profits Fund and the Prudential Discretionary Fund, the latter of which is subject to an annual management charge of 0.75% per annum.