Nutreco (UK) Pension Scheme ("the Scheme")
Statement of Investment Principles ("the Statement")

Scope of the Statement

This statement of the principles governing investment decisions for the purposes of the Scheme has been prepared in accordance with the requirements of the Pensions Act 1995 (as updated by the Pensions Act 2004) ("the Act") and regulations made under it (the Occupational Pension Scheme (Investment) Regulations 2005). It describes the investment principles pursued by the Trustee of the Nutreco (UK) Pension Scheme (the "Trustees").

The effective date of this Statement is 11 July 2023.

Consultations made

The Trustees have consulted Trouw (UK) Limited ("the Company") on its principles as set out in this document and will consult the Company on any changes to the policy, and on the employment or removal of the Scheme's investment managers. However, the ultimate power and responsibility for deciding investment principles lies solely with the Trustees.

In preparing this document, the Trustees sought written advice from the Scheme's Investment Consultant at Towers Watson Limited, who is authorised and regulated by the Financial Conduct Authority. The Trustees will review this document at least every three years and without delay after any significant change in investment policy. In preparing this statement, the Trustees have had regard to the requirements of the Act concerning diversification and suitability of investments. The Trustees will consider those requirements on any review of this statement or any change in their investment policy.

In accordance with the Financial Services and Markets Act 2000, the Trustees will determine the general investment policy, but will delegate day to day responsibility for selection of specific investments to appointed and authorised investment manager(s) which may include an insurance company or companies. The investment manager(s) shall be authorised under the Financial Services Act and shall provide the skill and expertise necessary to manage the investments of the Scheme competently.

Objectives

The Trustees' main objectives for setting the long-term investment strategy of the Scheme are set out below:

a) To maintain a portfolio of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with any contributions from the Company, the cost of benefits which the Scheme provides, as set out in the Trust Deed and Rules.

b) To limit the risk of the assets failing to meet the liabilities, both over the long-term and on a shorter-term basis.

c) To minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the objective shown under b.

Policy for securing objectives

A full valuation of the Scheme will be performed every three years or sooner if required, using asset return assumptions developed and approved by the Scheme Actuary. In addition, the Investment Consultant may carry out an Asset and Liability Modelling (ALM) exercise, or other such investigations, at appropriate intervals. Based on this, the Trustees consider the appropriate allocation between return-seeking assets and bonds. The Trustees then consider the allocation to specific assets (including alternative asset classes) and investment managers.

The Trustees are responsible for managing the return-seeking and matching allocations and the allocation within these categories, and ensuring that the Pensions Act requirements regarding the liquidity, diversification and suitability of each investment are complied with.

The Trustees' intention is that there should be sufficient investments in liquid or readily realisable assets to meet cash flow requirements in the majority of foreseeable circumstances so that, where possible, realisation of assets will not disrupt the Scheme's overall investment policy. The Trustees, together with the Scheme's administrators, will also ensure that they hold sufficient cash and/or liquid or readily realisable assets to meet both the likely benefit outgo from time to time but also, following agreement to the 31 December 2021 valuation, the expenses for running the Scheme.

Choosing investments

The investment strategy can make use of three key types of investments:

- using a range of instruments that provide a better match to changes in liability values;
- a diversified range of return-seeking assets, including (but not limited to) equities and corporate bonds; and
- actively managed portfolios.

The types of investments held and the balance between them is deemed appropriate given the liability profile of the Scheme, its cashflow requirements, the funding level of the Scheme and the Trustees' objectives. The balance within and between these investments will be determined from time to time with regard to maximising the chance of achieving the Scheme's investment objective, and will be documented separately by the Trustees in their Investment Portfolio Document.

The assets of the Scheme are invested in the best interests of the members and beneficiaries.

The Trustees exercise their powers of investment in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid any undue concentration of risk a spread of assets is held. The diversification is both within, and across, the major asset classes. Day-to-day selection of stocks is delegated to investment managers, appointed by the

Trustees. As regards the review and selection of their investment managers, the Trustees take expert advice.

Assets held to cover the Scheme's liabilities are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme.

The Scheme invests in a range of pooled vehicles, the assets of which are spread between a number of different investors. Prohibited investments within each pooled vehicle are as stated in the respective pooled vehicles' governing documents.

Investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations. The Trustees recognise that certain derivative-focussed investments, such as LDI, require a specific level of knowledge and understanding. The Trustees have resolved to undertake appropriate training and education before investing in such assets.

Investment return assumptions

In determining the asset allocation strategy, the Trustees have regard for the historical rates of return earned on the various asset classes available for investment, as well as forward-looking assumptions of the expected future returns on those asset classes and the expected short-term volatility of the asset classes.

Additional Voluntary Contributions (AVCs)

There are a number of funds closed to new AVC payments in which some members still hold assets.

The Trustees monitor the investment performance and review the appropriateness of the AVC arrangements from time to time.

Borrowing

The Trustees may use leveraged funds within the context of an LDI mandate (if such assets are invested in). Leverage is expected to be used on a controlled basis for risk management purposes. Some short-term borrowing for settlement is also allowed, but is strictly limited and for the purpose of trade settlement only (this is standard practice in investment management).

Stock lending

The Trustees do not presently intend to engage in stock lending as a core driver of their investment portfolio. They are aware that the managers of some pooled funds may carry out a degree of stock lending as part of their management of the funds, and the Trustees will maintain assurance from those managers that the level of stock lending is appropriately collateralised and does not materially increase the level of risk in the portfolio.

Corporate Governance, social, environmental and ethical issues

The Trustees recognise that a company's long-term financial success is influenced by a range of factors including appropriate management of environmental, social, ethical and corporate governance issues. Consequently the Trustees seek to be an engaged long-term shareholder and via their selection and oversight of their investment managers, seek to encourage the companies in which the Scheme invests to adopt sustainable business practices and high standards of corporate governance with the aim of protecting and enhancing long-term shareholder value. The Trustees' time horizon reflects the time horizon of the Company's business and the Scheme's maturing liability profile.

Whilst it is the Trustees' preference that all companies should be run in a socially responsible way, it takes the view that its primary responsibility is to act in the best financial interest of the members of the Scheme. Therefore, the Trustees' policy is that the extent to which environmental, social and corporate governance ("ESG") considerations (including but not limited to climate change) may have a financial impact on the portfolio will be taken into account by their investment manager(s) in the exercise of their delegated duties. The Trustees' focus is explicitly on financially material considerations. The Trustees' policy at this time is not to take into account non-financially material considerations and does not currently intend to take members' views into account when determining its policy on ESG matters.

The Trustees expect their manager(s) to sign up to their local stewardship code, in-keeping with good practice. The Trustees will monitor the activities of all of their managers on a regular basis but appreciates that its applicability may be limited for certain asset classes. These matters are kept under review by the Trustees, in consultation with their investment consultant and investment managers.

Engagement with investment managers

The Trustees have considered the use of both passive and active investment management when developing and reviewing the Plan's investment strategy. The Trustees ensure that, in aggregate, the portfolio is consistent with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustees will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with their policies, where relevant to the mandate in question.

To maintain alignment, managers are provided with the most recent version of the Scheme's Statement of Investment Principles on an annual basis and are requested to confirm that the management of the assets is consistent with those policies relevant to the mandate in question.

Should the Trustees' monitoring process reveal that a manager's portfolio is not aligned with the Trustees' policies, the Trustees will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustees that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.

For most of the Scheme's investments, the Trustees expect the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. The Trustees invest in certain strategies (e.g. LDI) where such engagement is not deemed appropriate, due to the nature of the strategy and/or the investment time horizon underlying decision making. The appropriateness of the Scheme's allocation to such mandates is determined in the context of the Scheme's overall objectives.

The Trustees appoint their investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustees would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

The Trustees use pooled vehicles and have little control over the structure of the fee. The fees were taken into consideration when appointing the investment managers and will be considered when reviewing the investment managers. The fees paid are considered competitive.

The Trustees review the costs incurred in managing the Scheme's assets annually, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustees will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

Rights attaching to investments

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings to the investment manager(s). The Trustees are comfortable with the approach being taken by the investment manager(s) on these matters.

Realisation of investments

The Scheme's administrator assesses the likely benefit outgo on a regular basis and ensures that sufficient cash reserves are available to meet the outgo. Invoices for the expenses of running the Scheme are also sent to the Scheme's administrators for payment and are allowed for in the projection of the required cash reserve. Contribution and investment income together may not be adequate to meet benefit outgo and Scheme expenses, thus requiring asset sales. This has been taken into account in the establishment of the Scheme's investment policy.

Risk management

The Trustees recognise a number of risks, including those described below, involved in the investment of the assets of the Scheme:

Solvency risk and mismatching risk	▪ addressed through the asset allocation strategy and through ongoing triennial actuarial valuations. ▪ managed through assessing the progress of the actual growth of the liabilities relative to the selected investment policy.
Manager risk	▪ measured by the expected deviation of the prospective risk and return, as set out in the performance objectives. ▪ managed by monitoring each manager's actual deviation of returns relative to the objectives and factors supporting the managers' investment processes.
Liquidity risk	▪ the Scheme's administrators monitor the level of cash held in order to limit the impact of the cash flow requirements on the investment policy. A high proportion of the Scheme's assets are realisable at short notice.
Inappropriate investments	▪ addressed through appropriate due diligence when selecting managers and funds.
Currency risk	▪ addressed through the investment manager guidelines, and measured by reference to the level of exposure to each currency, after taking account of any hedging arrangements in place.
Custodian risk	▪ addressed through the ongoing monitoring of the custodial arrangements. Restrictions are applied to who can authorise transfer of cash and the accounts to which transfers can be made.
Counterparty risk	▪ addressed through the investment manager guidelines with respect to the management of cash and collateral.
Sponsor risk	▪ addressed through ongoing assessment and consideration of the Company's covenant.

Legal and operational risk	▪ the risk that legal documents are inappropriate or that operational tasks are not completed correctly. This risk is mitigated through the choice of investment manager(s) and the appointment of legal advisers as appropriate.
Market impact risk	▪ the risk that assets are bought or sold at sub-optimal prices. This risk is mitigated through the choice and ongoing monitoring of the investment manager(s) and the appointment of a transition manager where appropriate.
Political risk	▪ the risk of an adverse influence on investment values from political intervention is reduced by the diversification of the assets across many countries. ▪ measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention.
Corporate governance risk	▪ measured by the level of concentration in the individual stocks leading to the risk of an adverse impact of investment values arising from corporate failure. ▪ managed by adopting a geographically diversified investment policy and understanding and being comfortable with each manager's approach to diversification.

The Trustees monitor these risks on an ongoing basis.

Effective decision making

The Trustees recognise that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that where they take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take.

Adopted by the Trustees of the Nutreco (UK) Pension Scheme on 11 July 2023.