CAMPDEN RA PENSION SCHEME

Statement of Investment Principles

June 2023

Approved by the Trustee on 16 June 2023

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, and as amended by the Pensions Act 2004, and subsequent regulations, 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), Partners Group (UK) Limited (Partners Group), Apollo Capital Management (Apollo) 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. The strategy is set taking into account the discount rate and required return in the latest actuarial valuation.

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 target return type funds, bond funds, absolute return bond funds, and private credit.

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 market developments over 2022 and agreed de-risking (including a full disinvestment from property), the Trustee has agreed to use the actual asset allocation as at 31 March 2023 as a temporary target until a new long term strategic allocation is agreed following completion of the actuarial valuation and strategy review, with consideration on how to invest the proceeds of the full disinvestment from the property fund. This is outlined below:

Fund	Manager	Actual Allocation (as at 31 March 2023)
Diversified Growth Fund	LGIM	22.9%
Liability Driven Investment	LGIM	31.3%
Absolute Return Bond Plus Fund	LGIM	10.3%
Semi-Liquid Credit	Apollo	18.4%
Private Credit	Partners Group	17.1%
		100.0%

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

4. The LDI funds managed by LGIM are passively managed.

5. The diversified and absolute return bond funds managed by LGIM are actively managed.

6. The credit funds managed by Apollo (semi-liquid credit) and Partners Group (private credit) are actively managed.

PERFORMANCE OBJECTIVES

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

Fund	Manager	Performance Objective
Diversified Growth Fund	LGIM	Outperform SONIA by 3.5% p.a. net of fees
Liability Driven Investment	LGIM	The portfolio is designed to track movements in the Scheme’s liabilities
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
Semi-Liquid Credit	Apollo	Outperform the 3 month LIBOR by 5.3% p.a. net of fees
Private Credit	Partners Group	Outperform the 3 month LIBOR by 4% p.a. net of fees

ANNUAL MANAGEMENT CHARGES

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

Fund	Manager	Fee (p.a.)
Diversified Growth Fund	LGIM	0.30%
Liability Driven Investment	LGIM	0.24%
Absolute Return Bond Plus Fund	LGIM	0.37%
Semi-Liquid Credit	Apollo	0.65%
Private Credit	Partners Group	0.775% on invested capital; 8% performance fee subject to a 4% preferred return with catch-up

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. 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

Members are invested in the following funds:

- Investing by Age Strategy' which includes the Multi Asset Moderate fund, the Multi Asset Cautious fund and the Money Market Fund

- Clerical With Profits Fund and Unit Linked 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%
Money Market	0.50%

AVC PERFORMANCE 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.
Money Market Fund	To preserve capital whilst aiming to provide a return in line with prevailing short term money market rates.

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 (except when entered into with consideration of the liquidity of the wider strategy, the Scheme’s liquidity requirements, and its additional return (i.e. Illiquidity premium)
   - 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 and a mismatch between the value of the Scheme assets and the present value of liabilities as a result of changes in 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. The Scheme mitigates the risk of a mismatch between the value of the Scheme assets and present value of liabilities from changes in inflation expectations through the Scheme's liability driven investment portfolio ("LDI"). Currently the LDI portfolio is designed to target a hedge of 85% of the Scheme's liabilities, on a Technical Provisions basis, in respect of inflation risk.

4. **Interest Rate Risk**

   This is the risk that the value of an asset will fluctuate with changes in interest rates and in relation to a mismatch between the value of the Scheme assets and the present value of liabilities as a result of changes in interest rates. The Scheme is indirectly exposed to this risk through the bond and cash elements of the portfolio. The Trustee manages the risk of a mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates through the Scheme's LDI portfolio. Currently the LDI portfolio is designed to target a hedge of 85% of the Scheme's liabilities, on a Technical Provisions basis, in respect of 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 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 majority of 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.

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.

Through engagement, the Trustee will work with the investment managers to improve their alignment with the above policies. If the Trustee determines that financially material considerations have not been factored into the investment managers' process and are not acting in accordance with the Trustee's policies in this area, 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 expects 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.

The Trustee's investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues.

The Trustee receives information from their investment advisers on the investment managers' approaches to engagement.

The Trustee will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters at least annually.

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 Trustee's 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 non-financial 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 Trustee feels 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.

Duration is considered in the context of the type of fund the Scheme invests in:

- For closed ended funds (or lock-in periods) the Trustees ensure the timeframe of the investment is in line with their objectives and Scheme's liquidity requirements.
- For open ended funds, the duration is flexible and the Trustees will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.

Voting Policy – how the Trustee expect investment managers to vote on their behalf

The Trustee has acknowledged responsibility for the voting policies that are implemented by the Scheme's investment managers on their behalf.

Engagement Policy – how the Trustee will engage with investment managers, direct assets and others about relevant matters

The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Scheme's investment managers on their behalf.

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

Example stewardship activities that the Trustee has considered are listed below.

- Selecting and appointing asset managers – the Trustee will consider potential managers' stewardship policies and activities

- Asset manager engagement and monitoring – on an annual basis, the Trustee assesses the voting and engagement activity of their asset managers. The results of this analysis feeds into the Trustee's investment decision making.

- Collaborative investor initiatives – the Trustee will consider joining/ supporting collaborative investor initiatives.

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: 16 June 2023

Name: Judith Fish