STATEMENT OF INVESTMENT PRINCIPLES (SIP)

The British Fermentation Products Limited Retirement Benefits Scheme

July 2024

1. Introduction

This statement sets out the principles governing decisions about the investment of the assets of The British Fermentation Products Limited Retirement Benefits Scheme ('the Scheme'). The Trustees of the Scheme ('the Trustees') issue this statement to comply with the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005.

This statement will be reviewed at least once every three years or after any significant change in investment policy. This statement has been prepared after the significant change in investment policy in July 2024, when insurance policies were purchased covering the whole of the liabilities of the Scheme that were not already insured. Benefits arising from GMP equalisation have not been insured, but will be insured over the course of the next two years.

Before preparing this statement, the Trustees have:

- obtained and considered the written advice of a person who is reasonably believed by the Trustees to have the appropriate knowledge and experience of financial matters and investment management; and
- consulted the sponsor in relation to the Scheme.

2. Investment objectives

The Trustee invests the assets of the Scheme with the aim of ensuring that all members' current and future benefits can be paid.

3. Investment strategy

The Trustee takes a holistic approach to considering and managing risks when formulating the Scheme's investment strategy.

The Scheme's investment strategy is to invest according to the following asset allocation:

Asset class	Proportion %
Buy-in policies	100
Total	**100**

Any residual cash is being held in the Trustee Bank Account.

The Scheme's investment strategy was derived following careful consideration of various factors as set out in Appendix A. The considerations include the nature and duration of the Scheme's liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of employer contributions required to fund the Scheme, and also the strength of the sponsoring company's covenant. The Trustee considered the merits of a range of asset classes. The Trustee and its advisers considered these risks when setting the investment strategy and agreed the best way to mitigate these risks was to insure member benefits via buy-in policies.

Implementation

The Scheme's assets are invested with insurers via buy-in policies. The first such policy was invested with Legal & General Assurance in 2011 and the latest policies, covering the remainder of the Scheme liabilities were invested in July 2024 with Canada Life Limited.

The Trustee has delegated all day-to-day decisions about the operations that fall within the mandate to the insurers through written contracts. When choosing investments, the Trustee and insurers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The insurers' duties include voting and corporate governance in relation to the assets.

Environmental, Social and Governance ("ESG") considerations

The Trustee considers investment risk to include ESG factors and climate change. These risks could negatively impact the Scheme's investments.

As part of the investment management of the Scheme's assets, the Trustee expects the insurers to:

- Where relevant, assess the integration of ESG factors in the investment process; and
- Use its influence to engage to ensure the Scheme's assets are not exposed to undue risk.

Stewardship – voting and engagement

As part of the management of the Scheme's assets, the Trustee expects the insurers to ensure that (where appropriate) it exercises the Trustee's voting rights in relation to the Scheme's assets.

Employer-related investments

The policy of the Trustee is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 and any subsequent legislative amendments, and the buy-in policies are consistent with this.

Direct investments

Direct investments, as defined by the Pensions Act 1995, are products purchased without delegation to an investment manager through a written contract. When selecting and reviewing any direct investments, the Trustee will obtain appropriate written advice from an investment adviser.

The buy-in policies of deferred and pensioner liabilities are direct investments, and the Trustee obtained appropriate written advice from an investment adviser.

Signed: KR Wesbroom

For Capital Cranfield Pension Trustees Limited, Chair of Trustees

Date: July 2024

Appendix A – Risks, Financially Material Considerations and Non-Financial matters

A non-exhaustive list of risks and financially material considerations that the Trustee has considered and sought to manage is shown below.

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

Risks	Definition	Policy
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	• Selecting an investment objective that is achievable and is consistent with the sponsoring company's covenant strength. • Considered when deciding which insurer to use to transact the latest buy-in policies.
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	• Funding risk is considered as part of the investment strategy review and the actuarial valuation. • The Trustee has now fully insured the Scheme's liabilities (excluding GMP equalisation) via buy-in policies.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	• The nature of the buy-in policies now largely mitigates against the impact of a change in the Sponsor covenant. • Reliance on the Sponsor covenant will only be removed entirely when GMPs are equalised and the Scheme transitions to buy-out.

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

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	Mitigated by insuring member benefits via buy-in policies.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	Mitigated by insuring member benefits via buy-in policies. To hold residual assets in a liquid cash fund to meet future expenditures as required.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	Mitigated by insuring member benefits via buy-in policies.
Credit	Default on payments due as part of a financial security contract.	Mitigated by insuring member benefits via buy-in policies.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Mitigated by insuring member benefits via buy-in policies.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	No longer applicable given the liabilities are insured via the buy-in policies.