HUTCHINSONS
Crop Production Specialists

H.L. HUTCHINSON LIMITED PENSION SCHEME

Statement of Investment Principles

This Statement of Investment Principles (the "Statement") has been drawn up in accordance with the requirements of the Pensions Act 2004.

1. Consultations made

As required by the Act, the trustees have consulted with the employer prior to writing this Statement. The Trustees are responsible for the investment strategy of the H.L.Hutchinson Limited Pension Scheme (the "Scheme").

Due to the size of the trustee board it was considered unnecessary to appoint an investment sub-committee; investment issues are therefore considered by the trustee board as a whole.

The day-to-day management of the Scheme's assets has been delegated to investment managers regulated and authorised by the Financial Conduct Authority.

2. Scheme objectives

The trustees' primary objectives are:-

- 'funding' - to ensure that sufficient assets are available to pay members' benefits as and when they arise; meeting the benefits over the long term from a combination of contributions and investment return;
- 'security' - to ensure that the Scheme maintains and builds on its current funding level. At the April 2017 actuarial valuation the Scheme's funding level was 95% on an ongoing basis.

The trustees' investment strategy has been chosen with the aim of minimising the risk of not achieving these objectives.

The trustees receive regular monitoring reports on the performance of the investments and regularly review the performance against agreed benchmarks. In addition, the fee structure for investment managers and advisers is reviewed each year. The trustees have appointed investment advisers, Wentworth Employee Benefit Limited trading as NFP, to provide investment advice. Wentworth Employee Benefits Limited is authorised and regulated by the Financial Conduct Authority.

3. Choosing investments

The types of investments held and the balance between them is deemed appropriate given the liability profile of the Scheme, its cash flow requirements, the funding level of the Scheme and the trustees' objectives.

In order to avoid an undue concentration of risk a spread of assets is held. The diversification is both within and across the major asset classes. The issue of asset allocation has been delegated to the investment managers appointed by the trustees.

4. Risk

The trustees have identified a number of risks which have the potential to cause a deterioration in the Scheme's funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors, known as "mismatching" risk. The trustees and their advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities; the trustees will manage the Scheme's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by the fund managers to achieve the rate of investment return assumed by the trustees. This manager risk is considered by the trustees on an ongoing basis.
- The failure to spread investment risk.
- The possibility of failure of the Scheme's sponsoring employer. The trustees considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence. The trustees have sought to minimise such operational risks by ensuring that all advisers and third party service providers are suitably qualified and experienced.

5. Realisation of investments

The trustees recognise that there is a risk in holding assets that cannot be easily realised should the need arise. All of the Scheme's investments are held in pooled funds which are realisable at short notice with the exception of the pooled property fund on which the fund manager can impose a temporary deferment on redemption.

6. Environmental, Social, and Governance ("ESG") considerations

The trustees consider investment risk to include ESG factors and climate change. These risks could negatively impact the Scheme's investments. The trustees consider these risks by taking advice from their investment adviser.

As part of the investment manager's management of the Scheme's assets, the trustees expect the manager:

- Where relevant, to assess the integration of ESG factors in the investment process of the fund managers;
- To use its influence to ensure the Scheme's assets are not exposed to undue risk; and
- To report to the trustees on its ESG activities as required.

7. ESG investment, members' views and non-financial factors

The Trustees consider investment risk to include ESG factors and climate change. These risks could negatively impact the Scheme's investments. The Trustees consider these risks by taking advice from their investment adviser.

The Trustees do not currently have an active policy in place with regard to the extent to which ethical considerations are taken into account in the selection, retention and realisation of investments. These matters are, however, kept under review.

In setting and implementing the Scheme's investment strategy the trustee does not explicitly take into account the views of individual Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]). Scheme members are represented by member-nominated directors.

The Trustees consider investment risk to include ESG factors and climate change. These risks could negatively impact the Scheme's investments which are long-term in nature. The Trustees consider these risks by taking advice from the Scheme's investment adviser.

The Trustees are aware that Royal London Asset Management and other pooled fund managers appointed by the Trustees recognise that, as long-term stewards, their responsibility is to generate returns for their clients in a sustainable manner that considers material risks and opportunities. They actively engage, where appropriate, both independently and collectively alongside other investors, with companies to influence their behaviour on ESG issues and policy. The investment managers provide a regular update to trustees on their activities and the changes that have been implemented as a result of work of their ESG team.

8. Stewardship Policy

The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as ultimately this creates long-term financial value for the Scheme and its beneficiaries.

The Trustees receive annual reports on stewardship activity carried out by their investment managers, these reports include detailed voting and engagement information.

As part of the investment management of the Scheme's assets, the Trustees expect the investment managers to:

- Ensure that (where appropriate) the Trustees' voting rights in relation to the Scheme's assets are exercised; and
- Report to the Trustees on stewardship activity as required.

Where possible, the transparency for voting should include voting actions and rationale in particular where: votes were cast against management; votes against management generally were significant; or votes were abstained.

Where voting is concerned the Trustees would expect the investment managers to recall stock lending procedures, as necessary, in order to carry out voting actions.

An annual report will be made available to Scheme members.

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8.1 Arrangements with asset managers

The Trustees recognise that the arrangements with their investment managers are important to ensure that interests are aligned. In particular, the Trustees seek to ensure that their investment managers are incentivised to operate in a manner that generates the best long-term results for the Scheme and its beneficiaries.

The investment managers provide quarterly reports on performance. The Trustees focus on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme objectives.

The Trustees also receive annual stewardship reports on the monitoring and engagement activities carried out by the investment managers.

There is typically no set duration for arrangements with the investment managers although the continued appointments will be reviewed periodically as part of a manager research and portfolio management process.

8.2 Cost monitoring

The Trustees are aware of the importance of monitoring the total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustees recognise that in addition to annual management charges there are other costs incurred by asset managers that can increase the overall cost incurred by their investments.

The Trustees will receive annual cost transparency reports from the fund managers. These reports will present information in line with prevailing regulatory requirements:

- the charges incurred through the use of pooled funds (custody, admin, audit fees etc);
- the impact of costs on the investment return achieved by the Scheme.

The Trustees acknowledge that portfolio turnover-costs are a necessary cost to generate investment returns and that the level of these costs varies across asset classes and manager.

8.3 Evaluation of performance and remuneration

The Trustees will undertake periodic reviews of the performance of the investment managers, their charges and their costs.

In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk.

9.Timing of periodic reviews

The trustees will review the Statement triennially and additionally whenever there is a significant change in the scheme's circumstances.

DAVID ANTONY HUTCHINSON	[signature]	28th September, 2020
Name (Print)	Signature	Date

For and on behalf of
Trustees of the H.L. Hutchinson Limited Pension Scheme

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

SCHEDULE

Investment strategy for the H.L. Hutchinson Limited Pension Scheme

TRUSTEES' INVESTMENT OBJECTIVES

The trustees' investment strategy has been established in order to maximise the likelihood of achieving the primary objectives set out in this Statement. The last actuarial valuation was undertaken as at 1 April 2017. This showed that on an ongoing basis the Scheme was 95% funded.

Professional advisers who assist the trustees

INVESTMENT MANAGERS

The Trustees have appointed Royal London as investment managers to be responsible for the day-to-day investment of the Scheme's assets. Through Royal London the trustees also have access to a range of external managers such as Fidelity and BlackRock Aquila.

The trustees, on receipt of written advice from their investment advisers, instruct Royal London on the allocation of the ongoing contributions and accrued fund value. The trustees have, following the 2017 Scheme valuation, instructed Royal London to allocate ongoing contributions to equities. Such a decision is reviewed at each trustee meeting and the trustees hold at least two meetings each year.

At the time of the 2017 actuarial valuation the scheme assets were invested in a range of equity funds (both UK and overseas), bond funds, a deposit fund and a property fund. Some of the funds are actively managed and some are passive investment funds. The trustees also maintain a trustee bank account in which contributions can be held awaiting alternative investment decisions by the trustees.

It is the intention of the trustees to continue to pay pensions directly from the Scheme's assets. In addition, the trustees may from time to time hold insurance policies or other assets which are earmarked for the benefit of certain members. These may include for example:-

- Assets secured by additional voluntary contributions (AVCs) or other arrangements made individually by the trustees;
- Deferred or immediate annuity policies purchased to match part or all of the Scheme's liabilities.

The AVC scheme providers are Utmost Life & Pensions and Royal London. The investment objective of the AVC funds is to provide members with competitive returns.

September 2020