The William Jackson Pension Plan

Statement of Investment Principles – September 2020 (replaces August 2019)

1. Introduction

The Trustee Directors ("Trustees") of the William Jackson Pension Plan ("the Plan") have drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of the Pensions Act 1995 ("the Act"), and associated legislation including the Occupational Pension Schemes (Investment) Regulations 2005. The Statement is intended to affirm the investment principles that govern decisions about the Plan's investments. The Trustees' investment responsibilities are governed by the Plan's Trust Deed and Rules, of which this Statement takes full regard.

In preparing this Statement, the Trustees have consulted a suitably qualified person by obtaining written advice from Mercer Limited ("Mercer"). In addition, consultation has been undertaken with William Jackson Food Group (the "Sponsor") to ascertain whether there are any material issues of which the Trustees should be aware in agreeing the Plan's investment arrangements and, in particular on the Trustees' objectives.

2. Process For Choosing Investments

In considering the appropriate investment arrangements for the Plan the Trustees have obtained and considered the written advice of Mercer as their investment consultant, whom the Trustees believe meets the requirements of Section 35(5) of the Pensions Act 1995 (as amended) and to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

The Trustees have decided upon an overall strategy (as set out in Section 5) after taking advice from Mercer. They have decided to delegate implementation of the investment strategy.

Specifically, with the exception of the Plan's allocation to Property and AVCs, the Trustees have also appointed Mercer to act as discretionary investment manager in respect of the Plan's assets and these assets, subject to restrictions e.g. as to allocations, are invested in a range of Mercer Funds managed by MGIE[1]. This provides access to a range of third party specialist managers chosen for their expertise. The Trustees believe that Mercer has expertise in identifying, selecting and combining highly rated fund managers who are well placed and resourced to manage the Plan's assets on a day to day basis.

The Trustees have also taken advice from Mercer to appoint Aviva Investors ("Aviva") to manage the Plan's allocation to Property via a multi-investor pooled investment vehicle and take ongoing advice from them in relation to this allocation and AVCs.

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[1] In more detail, Mercer Funds are multi-investor pooled investment vehicles managed by a management company (Mercer Global Investments Management Limited ("MGIM")). MGIM has appointed Mercer Global Investments Europe Limited ("MGIE")) as investment manager of the Mercer Funds. MGIE has responsibility for determining which Funds to trade, in line with terms in an Investment Management Agreement. In practice, MGIE delegates the discretionary investment management for the Mercer Funds to third party investment managers based in countries such as Ireland, UK and USA and those sub-investment managers will manage either a sub-fund or certain segments of a sub-fund.

3. Investment Objectives

The Trustees have agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which the Plan is exposed. The Trustees' primary objectives are as follows:

- To achieve over time a return on the Plan assets which is consistent with achieving the Plan's funding objectives.
- To achieve this return while limiting the level of uncertainty in the Plan's funding level to which it is exposed, as a result of the various investment risks to which the Plan is exposed.

These objectives take into account the Sponsor's interest in the size and incidence of potential contribution payments and the need for ongoing security of member benefits, and are financially material considerations.

The Trustees have decided at the time of this Statement that limiting uncertainty over the funding position is a high priority, and that they are prepared to limit return potential to achieve this, while retaining some scope for performance in excess of a minimum risk portfolio invested entirely in Government gilts. They recognise that the liabilities are very long term (i.e. many decades) but favourable experience could enable them to fully insure all liabilities much sooner. They do not have a formal policy to do so but this means that the appropriate horizon for the Plan's investments could be much shorter (less than ten years).

4. Risk Management and Measurement

There are various risks to which any pension plan is exposed and which are considered to be financially material to the Plan over its anticipated lifetime. The Trustees' policy on risk management is as follows:

- The primary risk upon which the Trustees focus is that arising through a mismatch between the Plan's assets and its liabilities.
- The Trustees recognise that whilst increasing risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Plan's liabilities as well as producing more short-term volatility in the Plan's funding position. The Trustees have taken advice on the matter and (in the light of the objectives noted previously) considered carefully the implications of adopting different levels of risk.
- The Trustees recognise the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustees aim to ensure the asset allocation policy in place results in an adequately diversified portfolio. Due to the size of the Plan's assets and recognising the need to diversify, investment exposure is obtained via pooled vehicles.
- Arrangements are in place to monitor the Plan's investments to help the Trustees check that nothing has occurred that would bring into question the continuing suitability of the current investments.

Other factors considered by the Trustees include:

- At the total Plan level investments should be broadly diversified to ensure there is not a concentration of exposure to any one issuer, with the exception of UK Government gilts.

- The amount invested in illiquid investments, such as property, will take into account the implications of not being able to readily liquidate the investment on the operation of the Plan.

- Investment in derivatives is permitted for risk reduction purposes or to facilitate efficient portfolio management.

- Regulations require that investment in securities is predominantly in investments traded on regulated markets (whether held directly or via a pooled fund). Accordingly the Trustee aims to invest the majority of investments on regulated markets or markets which display the characteristics of a regulated market (for example in terms of liquidity and transparency). Recognising the potential risks of dealing in securities on unregulated markets (in particular liquidity and counterparty exposure), the Trustee expects that the Plan's appointed managers will normally only make such investments with the purpose of reducing risk or to facilitate efficient portfolio management. In addition, such investments should only be made to the extent they are consistent with the Trustee's wider objectives in terms of risk, return and liquidity.

- Considerations specific to Environmental, Social and Governance ("ESG") issues are addressed in section 10.

- No direct investment will be made in the Plan Sponsor. If any indirect investment were to take place via pooled investments they are confident the allocation would be very substantially below 5% of total assets, including any property occupied by the Sponsor.

- Direct borrowing is not permitted except to cover short term liquidity requirements.

Should there be a material change in the Plan's circumstances, the Trustees will review whether and to what extent the investment arrangements should be altered; in particular whether the current risk and return profile remains appropriate.

5. Investment Strategy

The Trustees, with advice from the Plan's Investment Consultant and the Plan Actuary, has reviewed the Plan's investment strategy in consultation with the Plan Sponsor. This review considered the Trustees' investment objectives and their ability and willingness to take risk.

The Trustees have as a result implemented a Cashflow Driven Investment ("CDI") strategy. This involves the Plan investing in such a way that expected cashflows should broadly match a large proportion of the Plan's expected liability cashflow profile, while aiming to mitigate the impact of changes in interest rates and inflation expectations in relation to cashflows that are not readily matched by the invested assets, whilst still targeting a return in excess of gilts. The CDI solution aims to:

- Match a high proportion of the Plan's expected liability cashflows particularly in relation to short to medium term cashflows by investing in predominantly income-generating asset classes such that expected asset cash-flows should broadly match the Plan's expected liability cash-flow profile;

- "Hedge" the impact of interest rate and inflation expectation changes in relation to cashflows that are not matched by initial cashflows, through investment in liability driven investments ("LDI");

- Initially support a discount rate of approximately gilts + 0.5% p.a. adjusted to take into account movements in credit spreads (the extra yield on a corporate bond compared with a comparable Government gilt).

With this in mind, the Trustees have agreed that the Plan's broad target asset allocation should be as set out in the table below:

Portfolio	Target Asset Allocation (%)	Implementation Range (%)
Hedge Management	30.0	+/-5.0
Non-Hedge Management	70.0	+/-5.0
Total	**100.0**	-

There will be no automatic rebalancing between the Hedge Management portfolio and Non-Hedge Management portfolio. Monies are invested or disinvested so far as applicable to maintain the asset allocation of the Plan as set out in the table above.

5.1 *Hedge Management Portfolio*

The Hedge Management portfolio comprises investments in a portfolio of Mercer funds intended to enable hedge management, including Liability Driven Investment (LDI), fixed income, index-linked bonds, swaps and cash funds.

The CDI strategy targets a hedge ratio of 100% of interest rates and inflation. This is predominantly achieved through the assets held within the Hedging Portfolio with consideration of the interest rate / inflation sensitivity of the Hedge Portfolio. Because there is no automatic rebalancing between the Hedge Management portfolio and the Non-Hedge management portfolio it may not always be possible to achieve a 100% hedge without the Trustees' instruction.

5.2 Non-Hedge Management Portfolio

The Non-Hedge Management Portfolio will comprise investments in the following funds with the following broad target asset allocations:

Fund Name	Umbrella Name	Target Asset Allocation (%)	Implementation Range (%)
Mercer Tailored Credit Fund	Mercer QIF Fund plc	**66.70**	**+/-5.0**
Mercer Multi-Asset Credit Fund		6.30	+/-2.5
Schroder Secured Finance		6.30	+/-2.5
Insight Secured Finance		6.30	+/-2.5
Aviva Lime Property Fund*	n/a	14.40	n/a

**The Aviva Lime Property Fund is held in an account directly with Aviva, not through Mercer.*

There will be no automatic rebalancing within the Non-Hedge Management portfolio.

5.3 *Combined portfolio*

The resultant combined portfolio is set out below:

Asset class	Target Asset Allocation (%)
LDI and Cash	30.0
Tailored Credit	46.7
Multi-Asset Credit	4.4
Secured Finance	8.8
Aviva Lime Property Fund*	10.0
Total	**100.0**

· Figures subject to rounding.

6. Expected Return

The strategy adopted by the Trustees is expected to deliver a return that is closely in line with movements in the value of the Plan's liabilities. Specifically, the Trustees anticipate that the Plan will achieve a return over time consistent with a prudent discount rate of gilts + 0.5%, adjusted appropriately for movements in the additional yield expected from holding corporate bonds over gilts (the "credit spread").

In relation to the Aviva property portfolio, the manager aims to achieve the following benchmark and target returns.

Fund	Fund Benchmark	Target	Other Fund Objectives
Lime Property Fund	50% FTSE A 5-15 Years Gilt Index / 50% FTSE 15 Years + Gilt Index	Generate a return 1.5% p.a. in excess of the benchmark before fees over the medium to long term.	Achieve target by investing in lower risk property assets with secure long term income streams. The Trustees will compare performance with other comparable funds

7. Cashflow and Cashflow Management

7.1 Recapitalisations

In the event of a recapitalisation (of LDI funds), Mercer will review the Plan's overall asset allocation and has discretion to implement any trades / rebalancing deemed to be appropriate.

7.2 Distributions

Income or capital distributions from Mercer Funds will ordinarily be paid into the Trustee bank account to be used to meet benefit payments or for subsequent reinvestment. Income from the Aviva portfolio is paid direct to the Trustee bank account.

7.3 Benefit Payments

If additional Cash is required to meet benefit payments, Mercer is responsible for meeting these requirements while maintaining the dual objectives of maintaining the liability hedging and expected return capabilities of the strategy.

7.4 Investments

Mercer is responsible for investing positive cashflows consistent with the

Plan's overall investment objectives and strategy.

8. Additional Voluntary Contributions ("AVCs")

Under the terms of the Trust Deed the Trustees are responsible for the investment of AVCs paid by members. The Trustees review the investment performance of the chosen providers on a regular basis and take advice as to the providers' continued suitability. In establishing these arrangements the Trustees' intention is to offer a limited range of investments that nonetheless will meet the needs of a typical member, and favour passive management over active management for AVCs where this is possible.

Members have the ability to invest their AVCs through Scottish Equitable in the following funds:

Fund	Asset Class	Passive/Active
Aegon LGIM Global Equity (60:40) Index (BLK)	UK and Overseas equities	Passive
Aegon LGIM UK Equity Index (BLK)	UK Equity	Passive
Aegon BlackRock Long Gilt (BLK)	Fixed-Interest Gilts	Passive
Aegon BlackRock Index-Linked Gilt (BLK)	Index-Linked Gilts	Passive
Aegon BlackRock Cash (BLK)	Cash	Active
Aegon BlackRock Property (BLK)	Property	Active

In addition, some members hold AVC assets in an Utmost Secure Cash Fund (due to be transferred to a Money Market Fund) pending transfer into the suite of Funds available via Scottish Equitable.

9. Selection, Retention and Realisation of Investments

Decisions over the selection, retention and realisation of investments by Fund are made taking into account the overall investment strategy as set out in Section 5. This is described in more detail in relevant appointment documentation.

Within individual Funds, the relevant investment managers have discretion in the timing of the realisation of investments and in considerations relating to the liquidity of those investments.

In addition the Trustees invest in Property via Aviva and Mercer advises on the ongoing suitability of this holding.

10. ESG, Stewardship, and Climate Change

The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a financially material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. These factors are taken into account when deciding on the Plan's delegated managers and the Trustees encourage their appointed managers to take appropriate actions accordingly.

With the exception of the Plan's allocation to Property and AVCs, the Trustees have appointed Mercer to act as discretionary investment manager in respect of the Plan's assets and these assets are invested in a range of Mercer Funds managed by MGIE . The asset managers appointed to manage the Mercer Funds, and Aviva in relation to property, are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments (where relevant), in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The Trustees consider how ESG, climate change and stewardship is integrated within Mercer's (and MGIE's) and Aviva's investment processes and those of the underlying asset managers in the monitoring process. Mercer (and MGIE) and Aviva are expected to provide reporting to the Trustees on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics.

11. Non-financially material considerations

Non-financial matters are not taken into account in the selection, retention and realisation of investments. Member views are not actively sought. The Trustees would review this policy in response to significant member demand.

12. Investment Restrictions

The Trustees have not set any investment restrictions on Mercer (or the underlying investment managers) in relation to particular products or activities, beyond those consistent with the Plan strategy as set out in Section 5. Aviva LIME is subject to restrictions set out in relevant governing documents.

13. Trustees' policies with respect to arrangements with, and evaluation of the performance and remuneration of, asset managers and portfolio turnover costs

When engaging Mercer as discretionary investment manager to implement the Trustees' investment strategy outlined in section 5, the Trustees are concerned that, as appropriate and to the extent applicable, Mercer is incentivised to align its strategy and decisions with the profile and duration of the liabilities of the Plan, in particular, long-term liabilities.

As Mercer manages the majority of the Plan's assets by way of investment in Mercer Funds, which are multi-client collective investment schemes, the Trustees accept that they do not have the ability to determine the risk profile and return targets of specific Mercer Funds but the Trustees expect Mercer to manage the assets in a manner that is consistent with the Trustees' overall investment strategy as outlined in section 5. The Trustees have taken steps to satisfy themselves that Mercer has the appropriate knowledge and experience to do so and keeps Mercer's performance under ongoing review.

Should the Trustees consider that Mercer, MGIE or Aviva have failed to align their investment strategies and decisions with the Trustees' policies, the Trustees will notify Mercer and may consider disinvesting some, or all, of the assets invested and managed by Mercer or Aviva and/or seek to renegotiate commercial terms or to terminate Mercer's and/or Aviva's appointments.

To evaluate performance, the Trustees receive, and consider, investment performance reports produced on a quarterly basis, which presents performance information and commentary in respect of the Plan's funding level and the Mercer and Aviva Funds in which the Trustees are invested. Such reports have information covering fund performance over a range of short and longer term performance periods as applicable. The Trustees review the absolute performance and relative performance against a portfolio's and underlying investment manager's benchmark (over the relevant time period) on a net of fees basis. The Trustees' focus is on the medium to long-term financial and non-financial performance of Mercer and the Mercer and Aviva Funds.

Neither Mercer nor MGIE make investment decisions based on a direct assessment about the performance of an issuer of debt or equity or other financial instruments. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying third party asset managers appointed by MGIE to manage assets within the Mercer Funds and by Aviva. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term. The Trustees are, however, able to consider Mercer's and MGIE's assessment of how each underlying third party asset manager and Aviva embeds ESG into their investment process and how the manager's responsible investment philosophy aligns with the Trustees' own responsible investment policy. This includes the asset managers' policies on voting and engagement.

Section 10 provides further details of the steps taken, and information available, to review the decisions made by managers, including voting history and the engagement activities of managers to identify decisions that appear out of line with a Mercer Fund's investment objectives or the objectives/policies of the Plan.

The asset managers are incentivised as they will be aware that their continued appointment by MGIE will be based on their success in meeting MGIE's expectations. If MGIE is dissatisfied then it will, where appropriate, seek to replace the manager. Similarly, if Mercer is dissatisfied with Aviva then it will, where appropriate, advise the Trustees to replace the manager.

The Trustees are long term investors and are not looking to change their investment arrangements on an unduly frequent basis. However, the Trustees do keep those arrangements under review, including the continued engagement of Mercer using, among other things, the reporting described above.

The Trustees monitor, and evaluate, the fees it pays for asset management services on an ongoing basis taking into account the progress made in achieving its investment strategy objectives as outlined in section 5. Mercer's, and MGIE's, fees are based on a percentage of the value of the Plan's assets under management which covers the design and annual review of the de-risking strategy, and investment management of the assets. In addition, the underlying third party asset managers of the Mercer Funds and Aviva charge fees based on a percentage of the value of the assets under management. In some instances, some of the underlying managers within the Mercer Funds may also be entitled to charge fees based on their performance.

MGIE reviews the fees payable to third party asset managers managing assets invested in the Mercer Funds on a regular basis with any negotiated fee savings passed directly to the Plan. Mercer's, MGIE's, and the third party asset managers' (including Aviva's), fees are outlined in a quarterly investment strategy report prepared for the Trustees, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee.

Details of all costs and expenses are included in the Mercer Fund Supplements, the Report & Accounts and within the Plan's annualized MiFID II compliant Personalised Cost & Charges statement. The Plan's Personalised Cost & Charges statement also include details of the transaction costs associated with investment in the Mercer Funds. It may also include details of the transaction costs associated with the investment in Aviva, or a separate statement will be provided outlining these. The Trustees do not have an explicit targeted portfolio turnover range, given the de-risking mandate, but rebalancing ranges have been designed to avoid unnecessary transaction costs being incurred by unduly frequent rebalancing. Performance is reviewed net of portfolio turnover costs, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE.

14. Custody of assets

The role of a custodian is to ensure the safe keeping of the assets and facilitate all transactions entered into by the appointed investment manager.

Assets underlying pooled funds are subject to independent custodianship. However, the Trustees' entitlement is to units in the relevant pooled fund.

15. Review of this Statement

The Trustees monitor compliance with this Statement annually. The Trustees will also review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustees reasonably believe to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension Plan investments.

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For and on behalf of the Trustee Directors of the William Jackson Pension Plan