Geo Adams Group Pension Fund

Statement of Investment Principles

Date: November 2024

Preface

Scheme background

This Statement of Investment Principles (the 'SIP') details the principles governing investment decisions for the Geo Adams Group Pension Fund (the 'Fund').

The Fund operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries, and provides benefits calculated on a defined benefit (DB) basis. The Fund is closed to new entrants and to future accrual.

Regulatory requirements and considerations

Under the Pensions Act 1995 (the 'Act') and subsequent legislation, principally the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) (the 'Investment Regulations'), the Trustees must secure that a written statement of the principles governing investment decisions is prepared and maintained for the Fund.

This SIP also reflects the requirements and recommendations within The Pensions Regulator's general code of practice, in respect of the DB assets.

The Trustees are responsible for all aspects of the operation of the Fund including this SIP.

In agreeing their investment strategy, the Trustees have had regard to:

- The requirements of the Act concerning suitability and diversification of investments and the Trustees will consider those requirements on any review of this SIP or any change in the investment policy.
- The requirement of the Investment Regulations: in particular that assets held to cover the Fund's Technical Provisions must also be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Fund.

Responsibilities and appointments

Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Fund. The Trustees draw on the expertise of external persons and organisations including the investment consultant, investment managers and the Scheme Actuary. Full details are set out in this SIP.

Consultation

In accordance with the Act, the Trustees have obtained and considered written advice from Gallagher (Administration & Investment) Limited (the investment consultant) prior to the preparation (or revision) of this SIP and have consulted Pilgrim's Pride Limited ('the Sponsoring Employer'). However, it should be noted that neither the Trustees (nor any investment manager to whom they have delegated any discretion to make decisions about investments) shall require the consent of the Sponsoring Employer to exercise any investment power.

Review

The Trustees will review this SIP at least every three years and without delay after each significant change in investment policy, taking note of any changes in the Fund's liabilities. Once agreed, and after consultation with the Sponsoring Employer, a copy of this SIP will be given to the Scheme Actuary and will be made available to Fund members on request. This SIP is also made publicly available free of charge on a website.

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Investment governance structure

All investment decisions are taken by the Trustee Board as a whole. The Trustees believe that collective responsibility is the appropriate structure, given the size of the board, except for specific projects when an investment sub-committee may be set up. The Trustees will undertake training where appropriate to ensure they have the necessary expertise to take the decisions required and to evaluate critically the advice received.

All investment decisions relating to the Fund are under the control of the Trustee Board without constraint by the Sponsoring Employer. The Trustees will consult with the Sponsoring Employer when changing this SIP.

All day-to-day investment decisions are delegated to properly qualified and authorised investment managers of pension scheme portfolios. Investment management agreements and/or an insurance contract have been exchanged with the investment managers, and are reviewed from time-to-time to ensure that the manner in which they make investments on behalf of the Trustee Board is suitable for the Fund, and appropriately diversified.

Investment strategy and objectives

The Fund’s investment strategy has been agreed by the Trustees having taken advice from the investment consultant in relation to the suitability of investments and the need to diversify and takes due account of the Fund’s liability profile along with the level of disclosed surplus or deficit.

The agreed investment strategy is based on an analysis of the Fund’s liability profile, the required investment return and the returns expected from the various asset classes over the long-term. Long-term returns from equities are expected to exceed the returns from bonds and cash, although returns and capital values may demonstrate higher volatility. The Trustees are prepared to accept this higher volatility in order to aim to achieve the overall investment objectives.

The Trustees’ primary objectives are:

- To provide appropriate security for all beneficiaries.
- To achieve long-term growth sufficient to provide the benefits from the Fund.
- To achieve an appropriate balance between risk and return with regards to the cost of the Fund and the security of the benefits.

The Trustees have translated their objectives into a suitable strategic asset allocation benchmark for the Fund, details of which are included in a separate Summary of Investment Arrangements document ("SoIA”).

In accordance with the Financial Services & Markets Act 2000, the Trustees are responsible for setting the general investment policy, but the responsibility for all day-to-day investment management decisions has been delegated to investment managers authorised under the Act. Details are included in the SoIA.

The Trustees are responsible for reviewing both the Fund’s asset allocation and investment strategy as part of each actuarial valuation in consultation with the Fund’s investment consultant. The Trustees may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where necessary.

The Trustees consider the Fund's current strategic asset allocation to be consistent with the current financial position of the Fund. This assessment will be updated with reference to the Technical Provisions set out in the Fund's Statement of Funding Principles once the 30 June 2025 actuarial valuation has been completed. "Technical provisions" is the value of the Fund's liabilities for funding purposes as at the latest available Fund-specific actuarial valuation date, being 30 June 2022.

The Trustees' policy in relation to the kinds of investments to be held
The Trustees have full regard to their investment powers as set out in Rule 4.2 of the Trust Deed and Rules dated March 1992.

The Fund may invest in quoted and unquoted securities of UK and overseas markets including:

- Equities.
- Fixed interest and index-linked bonds.
- Cash.
- Property.
- Private equity.
- Hedge funds and pooled investment vehicles considered appropriate for tax-exempt registered occupational pension schemes.
- Liability-driven investments.

The Trustees have considered the attributes of the various asset classes (including derivative instruments), these attributes being:

- Security (or quality) of the investment.
- Yield (expected long-term return).
- Spread (or volatility) of returns.
- Term (or duration) of the investment.
- Liability hedging attributes
- Currency exchange rate risk.
- Marketability and liquidity (i.e. the tradability on regulated markets).
- ESG and climate risk
- Taxation.

The Trustees consider all of the stated classes of investment to be suitable to the circumstances of the Fund. The Fund invests in pooled funds, other collective investment vehicles and cash. The Trustees have made the decision to invest the majority of assets in pooled funds because:

- The Fund is not large enough to justify direct investment on a cost-effective basis.
- Pooled funds allow the Trustees to invest in a wider range of assets, which serves to reduce risk.
- Pooled funds provide a more liquid form of investment than certain types of direct investment.

The Trustees' policy in relation to the balance between different kinds of investments
The appointed investment managers will hold a diversified mix of investments in line with their agreed benchmark and within their discretion to diverge from the benchmark. Within each major market each manager will maintain a diversified portfolio of securities. Full details are set out in the SoIA.

The Trustees' policy in relation to the expected return on investments
The investment strategy is believed to be capable of exceeding, in the long run, the overall required rate of return assumed in the Scheme Actuary's published actuarial valuation report in order to reach / maintain a fully funded status under the agreed assumptions.

The Trustees' policy in relation to the realisation of investments
In the event of an unexpected need to realise all or part of the assets of the portfolio, the Trustees require the investment managers to be able to realise the Fund's investments in a reasonable timescale by reference to the market conditions existing at the time the disposal is required and subject to the best interests of the Fund. The majority of the assets are not expected to take an undue time to liquidate.

The Trustees' policy in relation to financially material considerations
The Trustees expect their investment managers, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process.

The Trustees review, from time to time, each investment manager's policies in respect of financially material considerations.

The Trustees' policy in relation to the extent to which non-financial matters are taken into account

The Trustees' objective is that the financial interests of the Fund members is their first priority when choosing investments. The Trustees have decided not to take members' preferences into account when considering these objectives.

Risk capacity and risk appetite

The Trustees, after seeking appropriate investment advice, have selected a strategic asset allocation benchmark for the Fund for each asset class (see the SoIA).

Subject to their respective benchmarks and guidelines (shown in the SoIA) the investment managers are given full discretion over the choice of stocks and are expected to maintain diversified portfolios.

The Trustees are satisfied that the investments selected are consistent with their investment objectives, particularly in relation to diversification, risk, expected return and liquidity.

The Trustees' policy in relation to risks
The Trustees consider the main risk to be that of the assets being insufficient to meet the Fund's liabilities as they fall due. The Trustees have assessed the likelihood of undesirable financial outcomes arising in the future.

Investment policies are set with the aim of having sufficient and appropriate assets to cover the Fund's Technical Provisions, and with the need to avoid undue contribution rate volatility.

In determining their investment strategy, the Trustees received advice from the investment consultant. The Trustees have based the investment strategy on this advice, along with the expected returns underlying the most recent actuarial valuation.

Although the Trustees acknowledge that the main risk is that the Fund will have insufficient assets to meet its liabilities, the Trustees recognise other contributory risks, including the following. Namely the risk:

- Associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors.
- Of the Fund having insufficient liquid assets to meet its immediate liabilities.
- Of the investment managers failing to achieve the required rate of return.
- Due to the lack of diversification of investments.
- Of failure of the Fund's Sponsoring Employer to meet its obligations.

The Trustees manage and measure these risks on a regular basis via actuarial and investment reviews, and in the setting of investment objectives and strategy.

The Trustees undertake monitoring of the investment managers' performance against their targets and objectives on a regular basis.

Each fund in which the Trustees invest has a stated performance objective against which investment performance will be measured. These are shown in the SoIA. Within each asset class, the investment managers are expected to maintain a portfolio of securities (or funds), which ensures that the risk being accepted in each market is broadly diversified.

The divergence of the actual distribution of the investments from the benchmark weighting for each fund will be monitored by the Fund's investment managers while the divergence from the overall benchmark will be monitored by the Trustees. Any deviation from the target asset allocations will be discussed periodically with the investment consultant.

Stewardship in relation to the Fund's assets

The Trustees have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through each investment manager.

The Trustees seek to appoint managers that have strong stewardship policies and processes and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

The Trustees' policy in relation to engagement and monitoring (including peer to peer engagement)

The Trustees' policy is to delegate responsibility for engaging and monitoring investee companies to each investment manager and the Trustees expect the investment manager to use their discretion to maximise financial returns for members and others over the long term.

The Trustees recognise that each investment manager's ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustees acknowledge that the concept of stewardship may be less applicable to some of their assets, particularly for short-term money market instruments, gilt and liability-driven investments.

The Trustees review each investment manager prior to appointment and monitor them on an ongoing basis through the regular review of the investment manager's voting and engagement policies and a review of each manager's voting and engagement behaviour.

The Trustees have not set out their own stewardship priorities but follow that of the investment managers.

The Trustees will engage with an investment manager should they consider that manager's voting and engagement policy to be inadequate or if the voting and engagement undertaken is not aligned with the investment manager's own policies, or if the investment manager's policies diverge significantly from the views of the Trustees.

If the Trustees find any investment manager's policies or behaviour unacceptable, they may agree an alternative mandate with the manager or decide to review or replace the manager.

As all of the investments are held in pooled vehicles, the Trustees do not envisage being directly involved with peer-to-peer engagement in investee companies.

The Trustees' policy in relation to voting rights
The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. Each investment manager is expected to provide regular reports for the Trustees detailing their voting activity.

Investment management monitoring

In addition to the stewardship activities described above, the Trustees will assess the performance, processes and cost effectiveness of the investment managers by means of regular, but not less than annual, reviews of the results and other information, in consultation with the investment consultant.

All investment decisions, and the overall performance of the investment managers, are monitored by the Trustees with the assistance of the investment consultant.

Upon request, the investment managers will provide the Trustees with quarterly statements of the assets held along with a quarterly performance report. The investment managers will also report orally on request to the Trustees.

The investment managers will inform the Trustees of any changes in the internal performance objective and guidelines of any pooled funds used by the Fund as and when they occur.

The Trustees will assess the quality of the performance and processes of the investment managers by means of a review at least once every three years in consultation with the investment consultant.

Appropriate written advice will be taken from the investment consultant before the review, appointment or removal of the investment managers.

The Trustees' policy in relation to their investment managers

In detailing below the policies on the investment manager arrangements, the over-riding approach of the Trustees is to select investment managers that meet the primary objectives of the Trustees. As part of the selection process and the ongoing review of the investment managers, the Trustees consider how well each investment manager meets the Trustees' policies and provides value for money over a suitable timeframe.

How the arrangement incentivises the investment manager to align its investment strategy and decisions with the Trustees' policies

The Trustees have delegated the day to day management of the Fund's assets to investment managers. The Fund's assets are invested in pooled funds which have their own policies and objectives and charge a fee, agreed with the investment manager, for their services. Such fees incentivise the investment managers to adhere to their stated policies and objectives.

How the arrangement incentivises the investment manager to engage and take into account financial and non-financial matters over the medium to long-term

The Trustees, in conjunction with their investment consultant, appoint their investment managers and choose the specific pooled fund to use in order to meet specific Fund policies. They expect that their investment managers make decisions based on assessments about the financial performance of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Fund's performance) over an appropriate time horizon.

The Trustees have decided not to take non-financial matters into account when considering their policy objectives.

How the method (and time horizon) of the evaluation of the investment managers' performance and the remuneration for asset management services are in line with the Trustees' investment policies

The Trustees expect their investment managers to invest the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. The Trustees review investment managers periodically. These reviews incorporate benchmarking of performance and fees. Reviews of performance focus on longer-term performance (to the extent that is relevant), e.g. looking at five years of performance.

If the Trustees determine that the investment manager is no longer managing the assets in line with the Trustees' policies they will make their concerns known to the investment manager and may ultimately disinvest.

The Trustees pay their investment managers a management fee which is a fixed percentage of assets under management.

Prior to agreeing a fee structure, the Trustees, in conjunction with their investment consultant, consider the appropriateness of this structure, both in terms of the fee level compared to that of other similar products and in terms of the degree to which it will incentivise the investment manager.

How the Trustees monitor portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover or turnover range

The Trustees, in conjunction with their investment consultant, have processes in place to review investment turnover costs incurred by the Fund on an annual basis. The Trustees receive a report which includes the turnover costs incurred by the investment managers used by the Fund.

The Trustees expect turnover costs of the investment managers to be in line with their peers, taking into account the style adopted by the investment manager, the asset class invested in and prevailing market conditions.

The Trustees do not explicitly monitor turnover, set target turnover or turnover ranges. The Trustees believe that the investment managers should follow their stated approach with a focus on risk and net return, rather than on turnover. In addition, the individual mandates are unique and bespoke in nature and there is the potential for markets to change significantly over a short period of time.

The duration of arrangements with investment managers

The Trustees do not in general enter into fixed long-term agreements with their investment managers and instead retain the ability to change investment manager should the performance and processes of the investment manager deviate from the Trustees' policies. However, the Trustees expect their manager appointments to have a relatively long duration, subject to the manager adhering to its stated policies, and the continued positive assessment of its ability to meet its performance objective.

Employer-related investments

The Trustees will not make direct investments in the Sponsoring Employer's own securities. The amount of the Sponsoring Employer's securities, owned by pooled investment vehicles invested in, are monitored. The Trustees have delegated the responsibility for the exercising of any voting rights attached to any Sponsoring Employer investment held to the investment managers.

Appointments and responsibilities

This section sets out the key appointments and responsibilities with respect to the investment aspects of the Fund.

A full list of the Fund's advisers is provided at the front of the Fund's Annual Report and Financial Statements. However, at the time of writing this SIP:

- The investment consultant is Gallagher (Administration & Investment) Limited.
- The investment managers are detailed in the SoIA.
- For pooled funds, custodial duties are undertaken by the relevant investment manager and, therefore, are not detailed in this SIP.
- The Scheme Actuary is Clive Goodwill of Mercer.

Trustees

The Trustees' primary responsibilities include:

- The preparation of this SIP, reviewing its contents and modifying it if deemed appropriate, in consultation with the Sponsoring Employer and the investment consultant, at least every three years. The SIP will also be reviewed following a significant change to investment strategy and/or the investment manager(s).
- Appointing an investment consultant and investment managers as necessary for the good stewardship of the Fund's assets.
- Setting objectives for the appointed investment consultant (and reviewing these at least every three years, and following any significant change to investment strategy), and reviewing the investment consultant's performance against these objectives at least annually.
- Reviewing the investment strategy as part of each triennial actuarial valuation, and/or asset liability modelling exercise, and/or significant changes to the Fund's liabilities, taking advice from the investment consultant.
- Reviewing the stewardship / voting policies of the investment managers and undertaking the ongoing monitoring and engagement with their investment managers as appropriate.
- Assessing the processes and the performance of the investment managers by means of regular, but not less than annual, reviews of information obtained (including investment performance).
- Monitoring compliance of the investment arrangements with this SIP and with the relevant sections of the Act, the Investment Regulations and any regulatory guidance on a regular basis.
- Monitoring risk and the way in which the investment managers have cast votes on behalf of the Trustees in respect of the Fund's equity holdings.

Investment consultant

The main responsibilities of the investment consultant include:

- Obtaining a copy of the Trustees' investment consultant objectives prior to undertaking work to ensure they understand the Trustees' requirements.
- Assisting the Trustees in the preparation and periodic review of this SIP in consultation with the Sponsoring Employer.
- Undertaking project work including the development and review of investment strategy, investment performance and manager structure as required by the Trustees.

- Advising the Trustees on the selection and review of the investment managers.
- Providing training or education on any investment related matter as and when the Trustees see fit.
- Monitoring and advising upon where contributions should be invested or disinvested on a periodic basis.

Investment managers

The investment managers' main responsibilities include:

- Investing the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation.
- Ensuring that the investment of the assets within their portfolio is compliant with prevailing legislation.
- Providing the Trustees with quarterly reports and a review of the investment performance of their portfolio upon request.
- Meetings with the Trustees as and when required.
- Informing the Trustees of any changes in the fee structure, internal performance objectives and guidelines of any pooled fund within their portfolio as and when they occur.
- Considering financially material risks affecting investments within their portfolio.
- Exercising voting rights on shareholdings within their portfolio in accordance with their general policy.

Scheme Actuary

The Scheme Actuary's main responsibilities in respect of investment policy include:

- Commenting on the suitability of the Fund's investment strategy given the financial characteristics of the Fund.
- Performing the triennial (or more frequently as required) actuarial valuation and advising on the Fund's funding level and therefore the appropriate level of contributions in order to aid the Trustees in balancing short-term and long-term investment objectives.

Compliance

The Fund's SIP is available to members on request and is also made publicly available free of charge on a website.

A copy of the Fund's current SIP is also supplied to the Sponsoring Employer, the Fund's auditors and the Scheme Actuary.

This SIP supersedes all others and was approved by the Trustees.

Full name
Signature
Position
For and on behalf of
Date