Confidential

Capita

Monsanto Pension Plan

Plan Registration Number: 10165407

Trustee’s Annual Report and Financial Statements
Year Ended 31 December 2021

Contents

Trustee, Sponsoring Employer and Advisers

Trustee:	MPP Trustee Limited (Removed 1 April 2021) ITS Limited (Appointed 1 April 2021)
Directors of MPP Trustee Limited:	M D Lawton (member nominated) (Retired 31 March 2021) P McKenna (Retired 31 March 2021) C Nelson (member nominated) (Retired 31 March 2021) S Bennie-Coulson (Retired 31 March 2021) M O'Mahony (member nominated) (Retired 31 March 2021) A Upfold (member nominated) (Appointed 01 January 2021) (Retired 31 March 2021) S Burrows (member nominated) (Appointed 01 January 2021) (Retired 31 March 2021) ITS Limited represented by: J Tinn A Rooprai
Directors of ITS Limited	Chris Martin Hetal Kotecha Dinesh Visavadia Mark Evans Janine Wood Helen Frisby John Lovell Represented by: J Tinn A Rooprai
Sponsoring Employer:	Pharmacia Limited

Independent Advisers

Plan Actuary:	Mr Charles Pepper
Administrator:	Capita Pension Solutions Limited
Legal Adviser:	Eversheds Sutherland
Auditor:	KPMG LLP (Resigned 31 January 2022) Crowe U.K. LLP (Appointed 1 March 2022)
Investment Consultant:	AON
Investment Managers:	Legal & General Assurance (Pensions Management) Limited Longview Partners LLP (Terminated 12 May 2021) Bridgewater Associates LP Insight Investment Management (Global) Limited

Trustee, Sponsoring Employer and Advisers

Bulk Annuity Provider:	Scottish Widows
Annuity Provider:	UNUM
Custodian:	Northern Trust Limited
AVC Investment Managers:	AEGON (formally BlackRock Investment Management (UK) Ltd.)
	Clerical Medical Investment Group Limited
	Utmost Life & Pensions
Bankers:	National Westminster Bank plc

Trustee's Report

The Trustee of the Monsanto Pension Plan has the pleasure in presenting its annual report together with the investment report, implementation statement, actuarial statement and certification, summary of contributions, compliance statement and financial statements for the year ended 31 December 2021.

Management of the Plan

The Plan is a defined benefit plan and provides benefits for deferred and retired members who were previously staff of the Sponsoring Employer in the United Kingdom. The Plan is an amalgamation of a number of benefit sections relating to members with differing employment backgrounds. During 2006 the last active members of the Plan became deferred members. As a result, there are no remaining active members of the Plan.

The Plan is governed by the Trust Deed and Rules executed on 15 May 2001 and subsequent amendments. The Plan is a registered pension scheme under the Finance Act 2004. This means that members, their employer and the Plan benefit from favourable tax treatment.

The Actuary advises the Trustee on the financial state of the Plan and makes recommendations as to the contributions that the Employer should pay to provide benefits. Every three years the Actuary carries out an actuarial valuation of the Plan and reports on his findings to the Trustee.

A valuation of the Plan was prepared as at 31 December 2020. The Actuary in his report has advised that there was a funding deficit of £3.1 million as at 31 December 2020. This deficit was addressed by a contribution from the Employer of £3.2m received on 14 January 2022.

Changes to the Plan

There were no changes to the Plan during the year.

Further information about the Plan is given in the explanatory booklet which was issued to all members.

The Sponsoring Employer

The sponsoring employer is Pharmacia Limited, Ramsgate Road, Sandwich, Kent CT13 9NJ (Registered No. 00506792) hereafter known as "The Company". The Company is vested with certain powers and duties such as the appointment of the Trustee Directors.

There is a deed of undertaking dated 4 December 2018 between the Principal Employer, Pharmacia Limited, and the Trustee which is a contingent asset.

Trustee's Report

The Trustee (continued)

The Trustee

On 6 August 2010 the Trustees of the Plan became one corporate Trustee, MPP Trustee Limited, Registered office address: Sandwich Laboratories, Ramsgate Road, Sandwich, Kent, CT13 9NJ (Registered No. 07337802).

In accordance with the Trust Deed and Rules, the power of appointment and removal of the Trustee Directors rests with "The Company".

The Company gave notice to the Trustee Directors of MPP Trustee Limited as they wished to appoint a Professional Corporate Sole Trustee ("PCST") and remove MPP Trustee Limited as Trustee. With effect from 1 April 2021 ITS Limited was appointed as PCST to the Plan.

The Directors of the Trustee Companies are listed on page 2.

The Trustee met four times during the year to review the ongoing management of the Plan and the investment of its assets.

Scheme advisers

The names of the professional advisers to the Trustee and other individuals and organisations who have acted for or were retained by the Trustee during the year are listed on page 2.

Changes in and other matters relating to scheme advisers

KPMG retired as Plan Auditors on 31 January 2022. In their statement on leaving office, they noted no circumstances connected with their resignation which, in their opinion, significantly affected the interests of the members or the prospective members of, or beneficiaries under, the Plan. Crowe U.K. LLP were appointed as Plan Auditor in their place.

Scheme audit

The accounts have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

GMP Equalisation

No firm decision has been made regarding GMP equalisation but the amount of back payment is expected to be not material to the financial statements based on the initial high level calculations completed. The Trustee has not included an estimate for the liability as it cannot be accurately calculated but is not expected to be material to the financial statements.

Trustee's Report

World Events

Global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand, and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations, and individual issuers, all of which may negatively impact the Plan's investment return and the fair value of the Plan's investments.

The current uncertainty, and the associated sanctions against Russia and Russian individuals, has led to volatility in investment markets. How those events might develop, the scale of those developments and the wider impacts are hard to predict, though a period of heightened uncertainty seems inevitable. The amount of exposure to Russia is regarded as trivial to the scheme. The Trustee has not identified any further material risks to the Scheme or employer covenant because of Russian Sanctions although the Trustee will continue to closely monitor the situation.

Pension Schemes Act 2021

The Pension Schemes Bill received Royal Assent on 11 February 2021 to become the Pension Schemes Act 2021. The Act includes a package of measures aimed at strengthening the powers of the Pensions Regulator (tPR), as well as some fundamental changes to the scheme funding regime and new reporting obligations for trustees in relation to climate change risk. Although the measures do not come into force immediately, the Trustee is reviewing the changes and considering the impact on the Plan.

Draft single code of Practice

The Pensions Regulator (tPR) released a consultation document on 17 March 2021 on the new Single Code of Practice (including a full draft of the Code). The new Code aims to bring together all 15 existing Codes of Practice, plus various pieces of existing guidance and new material required as a result of the 2018 Occupational Pension Schemes (Governance) regulations.

Whilst the Code is still subject to consultation, the Trustee has started a review of the draft Code and will assess whether current governance practices meet tPR's new expectations.

GDPR

The General Data Protection Regulation ("GDPR") is a regulation in EU law of the European Parliament intended to strengthen and unify data protection for all individuals within the EU. It also addresses the export of personal data outside of the EU.

The Data Protection Act 2018 (DPA 2018) enshrined GDPR in UK law from 23 May 2018 and the Trustee worked with its advisers to formulate its GDPR policy so that it was compliant.

From 1 January 2021, the UK GDPR came into effect which will run alongside the DPA 2018.

Trustee's Report

Financial Development of the Plan

The financial statements have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

The financial development of the Plan during the year is shown below:

	£
Contributions and other receipts	-
Benefits paid and other expenses	**(30,808,146)**
Net withdrawals from dealings with members	**(30,808,146)**
Net returns on investments	**6,566,237**
Net assets at start of year	552,983,596
Net assets at end of year	**528,741,687**

Pension Increases

During the year, deferred benefits were increased in accordance with legislative requirements.

An increase of 0% was applied to pensions where increases are normally provided on a discretionary basis.

GMP in payment accrued after 5 April 1988 was increased in accordance with legislative requirements.

Pension Increases for Post 97 benefit:

2022 increase: Searle CPI (based on September 2021 CPI) to max 5% - 3.1% increase to be applied

2021 increase: Searle CPI (based on September 2020 CPI) to max 5% - 0.5% increase applied

2022 increase: Kelco CPI (based on September 2021 CPI) to max 5% - 3.1% increase to be applied

2021 increase: Kelco CPI (based on September 2020 CPI) to max 5% - 0.5% increase applied

Trustee's Report

Plan Membership

Details of the current membership of the Plan are given below:

	31-Dec-21	31-Dec-20
Deferred members	**1,273**	1,376
Pensioners	**2,335**	2,372
	3,608	3,748
Deferred members		
Deferred members at start of year as previously reported	**1,376**	1,506
Adjustments*	**(13)**	(21)
Deferred members at start of year restated	**1,363**	1,485
Less: Deaths	**(2)**	(9)
Transfers-out	**(20)**	(27)
Retirements	**(44)**	(53)
Trivial commutations	**(24)**	(20)
Deferred members at end of year	**1,273**	1,376
Pensioners		
Pensioners at start of year as previously reported	**2,372**	2,422
Adjustments*	**11**	12
Pensioners at start of year restated	**2,383**	2,434
Plus: New pensioners	**44**	104
New spouse pensioners	**31**	-
Reinstated Pensions	**7**	7
Less: Deaths	**(126)**	(146)
Suspended	**-**	(11)
Status Reclassification **	**-**	-
Pensioner Status Reclassification ***	**(4)**	(16)
Pensioners at end of year	**2,335**	2,372

* Adjustments relate to late notifications received after the previous year's report was issued.

** Spouses who opted to commute benefits.

*** Pensioners who opted to commute benefits.

Included in the above were 1,911 pensioner annuitants at the year end (2020: 765). This is broken down into the 3 buy-in contracts with Scottish Widows namely; 143 Apple members/dependants, 598 Lime members/dependants and 1,170 Peach members/dependants.

Trustee's Report

Statement of Trustee's Responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary, revising a schedule of contributions showing the rates of contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Trustee's Summary of Contributions payable under the Schedule in respect of the Plan year ended 31 December 2021

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the Employer contributions payable to the Plan under the Schedule of Contributions certified by the Actuary on 4 December 2018 in respect of the Plan year ended 31 December 2021.

The Plan auditor reports on contributions payable under the Schedule in the Independent Auditor's Statement about Contributions.

		£
Contributions payable under the Schedule in respect of the Plan year		
Employer	Deficit reduction	-
	Special	-
Contributions payable under the Schedule		-
(as reported by the Plan Auditor and reported in the financial statements)		

In accordance with the Schedule of Contribution certified by the actuary on 4 December 2018 the Employer will make deficit contributions if, over 2 consecutive quarters between January 2018 and December 2023, the funding level falls more than 2% below the expected funding level set out in their appendix.

No deficit funding contributions were due for the year ended 31 December 2021.

As there were insufficient assets to cover the Plan's technical provisions at the valuation date of 31 December 2020, the Trustee and the Company have agreed a recovery plan, which states that the following additional single contribution will be paid into the Plan by the Company:

• £3.2m paid on or before 15 January 2022.

This was received by the Plan on 14 January 2022.

Trustee’s Report

Investment Matters

Overview

The Trustee, with the assistance of its appointed investment adviser, determines the overall investment strategy for the Plan and sets out the broad policy to be adopted by each of the appointed fund managers. In setting the Plan’s investment strategy, the Trustee's primary concern is to act in the best financial interests of the Plan and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustee believes that in order to fulfil this commitment and to protect and enhance the value of the Plan’s investments, it is important to act as a responsible steward of the assets in which the Plan invests.

Investment managers

The names of those who have managed the Plan’s investments during the year are listed on page 2. The Trustee has delegated the day-to-day management of investment to its appointed fund managers. A written agreement between the Trustee and each manager sets out the terms on which the manager will act.

The Trustee acknowledges that an understanding of financially material considerations including environmental, social and corporate governance (“ESG”) factors (such as climate change) and risks related to these factors can contribute to the identification of investment opportunities and financially material risks. This includes the risk that ESG factors, including climate change, negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from Aon as their investment adviser when setting the Plan's asset allocation, when selecting managers and when monitoring their performance.

The Trustee has agreed a set of belief statements in connection with ESG matters and expects the Plan’s fund managers to take into account corporate governance, social, and environmental considerations (including long-term risks posed by sustainability concerns including climate change risks) in the selection, retention and realisation of investments. Where relevant, the Trustee takes advice from Aon in relation to their fund managers' capabilities with regard to these matters.

The Trustee expects the Plan’s fund managers to use their influence as major institutional investors to carry out the Trustee's rights and duties as a shareholder including voting, along with – where relevant and appropriate – engaging with underlying investee companies to promote good corporate governance, accountability, and positive change.

With support from Aon, the Trustee requests information from the Plan's fund managers regarding their asset stewardship, voting, and engagement activity, and continues to monitor this on an ongoing basis.

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from Aon as their investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

Where members make an active decision to share their views with the Trustee on ethical matters, social and environmental impact matters and present and future quality of life matters (defined as "non-financial factors" under the 2018 Regulations), the Trustee will note and discuss these.

The Trustee reports to members on an annual basis (via the annual newsletter) the steps taken by the Trustee in acting as a responsible steward of the assets in which the Plan invests.

Trustee's Report

Custodial arrangement

As at 31 December 2021 the Plan employed Northern Trust as custodian for its directly held assets with Legal and General.

Investment principles

In accordance with section 35 of the Pensions Act 1995, the Trustee has produced a Statement of Investment Principles.

The statement is required by law and summarises how the Trustee:

- sets the investment policy and chooses the most suitable types of investments for the Plan;
- delegates buying and selling investments to the Plan's Investment Managers; and
- monitors the performance of the Plan's investments.

The statement is published on the following website: https://monsanto.pensions-directory.co.uk

The Trustee aims to invest the assets of the Plan prudently to ensure that the benefits promised to members are provided. In setting the investment strategy, the Trustee first considered the lowest risk asset allocation that it could adopt in relation to the Plan's liabilities. The asset allocation strategy selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Plan's liabilities.

Departures from investment principles

To the best of its knowledge, the Trustee can report that there has not been any departure from the SIP by the Plan's investment managers during the year ended 31 December 2021. Any changes to the Plan's strategy have been supplemented with a revised SIP.

Employer-related investments

As at the 31 December 2021, the Plan held investments in Pfizer totalling 0.1% (2020: 0%).

Trustee's Report

Investment Strategy

As at 31 December 2021, the Plan's benchmark allocation was as follows:

Benchmark	% (excluding annuities)
Growth Assets	**35.0%**
LGIM - Developed Balanced Factor Equity Index Fund	17.5%
LGIM - Developed Balanced Factor Equity Index Fund (GBP Hedged)	
Asset Backed Securities	10.0%
Absolute Return*	7.5%
Matching Assets	**65.0%**
Corporate Bonds	35.0%
Liability Driven investment	30.0%
Cash	**0.0%**

Absolute Return comprises of Bridgewater Risk Parity.

The Plan also holds two annuity policies with Scottish Widows. These policies are held in the name of the Trustee and are an exact match for a portion of the Plan's liabilities. The value of these policies changes over time depending on financial conditions.

Review of investment performance

The total market value of the Plan's investments (excluding AVCs and the Trustee bank account) decreased from £543.7m to £525.0m during the year ending 31 December 2021.

The change in market value of the Plan's investments includes the annuity policies with Scottish Widows and the historic Unum Limited Group Long Term Disability Policy. As at 31 December 2021, the value of the policies was £250.4m (2020: £178.1m).

Over periods of one, three and five years to 31 December 2021, the Plan's assets have produced the following annualised returns, as calculated by the Plan's custodian and performance measurer, Northern Trust (unless stated otherwise). This excludes the annuity policies with Scottish Widows:

Returns (% p.a.)	**1 Year**	**3 Years**	**5 Years**
Plan	2.6%	8.3%	5.6%
Benchmark	3.9%	9.8%	7.0%
Difference	-1.3%	-1.5%	-1.4%

Trustee's Report

Review of investment performance (continued)

Growth Portfolio

The LGIM - Developed Balanced Factor Equity Index Fund GBP Hedged and Unhedged were both funded in May 2021 after a full redemption from the Longview Global Equity Fund and LGIM passive Alternative Indexation Equity Funds (LGIM RAFI All World 3000 Equity Index Fund and the MSCI World Minimum Volatility Index Fund).

The LGIM - Developed Balanced Factor Equity Index Fund GBP Hedged returned 9.7% since inception on 11 May 2021. The LGIM - Developed Balanced Factor Equity Index Fund Unhedged returned 12.3% since inception on 4 May 2021. Both have returned in line with the tolerance ranges of their benchmark returns.

The Plan's absolute return manager, Bridgewater, returned 11.3% over the one-year period to 31 December 2021, returning 5.2% above its target of 6.1%.

Insight Investment Management's Global Asset Backed Securities Fund, over 1 year to 31 December 2021, returned 2.3% which was 0.5% ahead of its target.

Matching Portfolio

Over the year to 31 December 2021, the buy and maintain credit portfolio delivered a return of -2.5%.

LGIM also manage a range of the Plan's Liability Driven Investment ("LDI") Funds, with varying benchmarks, which have been funded over a variety of periods. Over the year ending 31 December 2021, the Plan's LDI funds – including the Segregated Index-Linked Gilt portfolio - have returned 2.5% against benchmark performance of 3.2%.

The Plan's cash holding in LGIM's Sterling Liquidity Fund returned -0.2% over the year to 31 December 2021.

Trustee's Report

Changes to Investments

- Following the discussion at the 21 January 2021 FIC meeting, the FIC agreed to transfer 100% of the Longview holdings from the GBP unhedged share class to the GBP hedged share class. The transfer was completed on the 12 February 2021.
- After the 2 March 2021 FIC meeting, the FIC agreed to make a full redemption from the Longview Global Equity Fund and LGIM Alternative Indexation Equity Funds. The proceeds were invested in the LGIM Developed Balanced Factor Funds (50% GBP hedged: 50% GBP unhedged). The transition was completed on the 25 May 2021.
- In June 2021, the Trustee agreed to purchase a third annuity policy with Scottish Widows. This was funded from a combination of the Plan's existing investments and entailed the following:
    - The funds transferred to Scottish Widows of £81.677m was based on the price as at 16 June 2021.
    - A disinvestment of £30m was made from the Legal and General buy and maintain credit portfolio and the remaining funds were met from the Segregated Index-Linked Gilt portfolio.
    - As the premium at the Risk Transfer Date of 22 June 2021 was lower, cash of c.£0.33m was returned to the Trustee's bank account.
- Alongside the transition to Scottish Widows, a restructure of the Plan's LDI portfolio took place in June 2021 to ensure the Scheme's interest rate and inflation protection remained in place for the residual liabilities.
- During the course of the year, the Plan received cash back from the LDI manager on a number of occasions to maintain the target level of interest rate and inflation protection due to falling government bond yields. The Trustee re-invested this cash in the LGIM Sterling Liquidity Fund.

Investment risk disclosures

Investment risks are disclosed in note 16 on pages 47 to 50.

Engagement Policy Implementation Statement

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (the "Regulations"). The Regulations require that the Trustee produces an annual statement called an Engagement Policy Implementation Statement (“EPIS”) which outlines the following:

- Explain how and the extent to which they have followed their engagement policy, which is outlined in the Statement of Investment Principles ("SIP").
- Describe the voting behaviour by, or on behalf of the Trustee (including the most significant votes cast) during the Plan year and state any use of third party provider of proxy voting services.

The EPIS has been prepared by the Trustee and covers the Plan year from 1 January 2021 to 31 December 2021.

Executive summary

Based on the activity over the year by the Trustee and its investment managers, the Trustee is of the opinion that the stewardship policy has been implemented effectively in practice. The Trustee notes that most of its investment managers were able to disclose adequate evidence of voting and engagement activity.

The Trustee expects improvements in disclosures over time in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Plan through considered voting and engagement.

Plan stewardship policy

The below bullet points summarise the Plan’s stewardship policy in force over the majority of the Plan year to 31 December 2021:

The full SIP can be found here: <http://monsanto.pensions-directory.co.uk>

- The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside.
- The Trustee regularly reviews the suitability of the Plan’s appointed investment managers and takes advice from their investment consultant with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.
- The Trustee reviews the stewardship activities of their investment managers on an annual basis, covering both engagement and voting actions, where applicable. The Trustee will review the alignment of the Trustee's policies to those of the Plan’s investment managers and ensure its managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner.

Trustee's Report

Plan stewardship policy (continued)

- The Trustees will engage with the investment managers (relevant persons) as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned (relevant matters).

Plan stewardship activity over the year

Training

Over the year, the Trustee had a responsible investment training session in June 2021 with their investment advisor, which provided the Trustee with updates on the evolving regulatory requirements and the importance of stewardship activity and appropriate consideration of ESG factors in investment decision making.

The training session included the risks of climate change and the requirements as set out as part of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD establishes a set of eleven clear, comparable and consistent recommended disclosures about the risks and opportunities presented by climate change. The increased transparency encouraged through the TCFD recommendations is intended to lead to decision-useful information and therefore better informed decision-making on climate-related financial risks. The Plan is not currently captured by the disclosure requirements due to the overall Plan size, however, the Trustee will ensure it keeps up to date to ensure it can comply with these disclosure requirements if required in the future.

The Trustee representative received further training on pension scheme benchmarks and ESG dashboards as well as a general update on industry infinitives in the field of ESG at a meeting on 6th September which enables it to consider how best to integrate ESG into its decision making.

Ongoing Monitoring

Investment monitoring takes place on a quarterly basis with a monitoring report being provided to the Trustee by Aon. The reports include ESG ratings and highlights any areas of concern, or where action is required. The ESG rating system is for buy rated investment strategies and is designed to assess whether investment managers integrate responsible investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the fund manager. Aon's researchers also conduct a review of the managers' responsible investment related policies and procedures, including a review of their responsible investment policy (if they have one), active ownership, proxy voting and/or stewardship policies. After a thorough review of the available materials, data and policies, as well as a conversation with the fund manager, the lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in a fund's level of ESG integration or broader responsible investment developments.

Trustee’s Report

Plan stewardship activity over the year (continued)

Annual Review

The Trustee has an ESG focussed implementation plan, including the Trustee's investment beliefs and actions to support these agreed principles and beliefs. Actions include communication with the Plan's investment managers regarding their beliefs and the regular consideration of ESG risks as part of the Plan's Risk Register.

The Trustee reviews this framework on an annual basis, allowing it to analyse the success of the current framework and determine whether any approaches should be added, or refinements made. This framework would also be considered following a material investment strategy change.

Ad-hoc review

The Trustee endeavours to meet with the Plan's managers on an annual basis. The Trustee may also determine that they wish to see managers more frequently, and as such will invite managers on an ad-hoc basis to present and provide an update on the fund. These updates are structured such that ESG considerations are central to the update, in line with the Trustee's ESG policy. The Trustee will also consider its approach to ESG when implementing wider strategy changes. For example, during the year, the Trustee made the decision to redeem from its active global equity manager (for strategic reasons). At this time, the Trustee took the opportunity to review its investments and chose a new mandate with LGIM with a greater focus on ESG. The selected mandate was a quasi-passive global equity fund, with a strategy design that allowed for the integration of social and climate considerations (leading to a reduction of c. 50% in carbon intensity versus the parent index).

Cost Transparency

On an annual basis, the Trustee completes the ClearGlass process allowing the costs incurred by the Plan over the year to be collated and categorised. The process uses an industry standard template which ensures greater transparency in the reporting of costs. This allows the Trustee to identify 'hidden costs' not included in the annual management charge and also determine any areas of concern. Following consideration of the cost transparency output in 2021, the Trustee agreed to commission a benchmark reporting for pension scheme costs to provide a comparison of the Plan's costs versus other pension schemes. This will be undertaken during the 2022 Plan year.

Trustee's Report

Plan stewardship activity over the year (continued)

Scottish Widows

Scottish Widows are the Plan's selected bulk annuity provider. The Trustee considers that Scottish Widows' approach to stewardship is relevant, whilst there is limited capacity to engage with the provider to influence its policies on an ongoing basis. The Trustee notes that Scottish Widows has been assigned an 'average' ESG rating by Aon, and that this reflects a range of criteria. At this time, Scottish Widows is not a UK Stewardship Code signatory and has not yet carried out a climate scenario analysis on its asset portfolio; however, its Responsible Investment policies clearly articulate both environmental and social policies, and outline engagement with both equity and credit assets.

Scottish Widows is a signatory to the Principles for Responsible Investment (PRI), which is a global initiative to promote best practice within Responsible Investment.

Voting and Engagement activity – Equity Funds

Over the year, the material equity investments held by the Plan were:

Legal and General Investment Manager ("LGIM")	Developed Balanced Factor Equity Index Fund
	Developed Balanced Factor Equity Index Fund (Hedged)

In this section, there is a summary of voting information and examples of significant voting activity for the Plan's investment manager. The investment manager provided examples of 'significant' votes it participated in over the period. The manager has its own criteria for determining whether a vote is significant. Examples of what might be considered a significant vote are:

- a vote where a significant proportion of the votes (e.g. more than 15%) went against the management's proposal
- where the investment manager voted against a management recommendation or against the recommendation of a third-party provider of proxy voting
- a vote that is connected to wider engagement with the company involved
- a vote that demonstrates clear and considered rationale
- a vote that the Trustees consider inappropriate or based on inappropriate rationale
- a vote that has significant relevance to members of the Scheme

The Trustees consider a significant vote as one which the voting manager deems to be significant or a vote where more than 15% of votes were cast against management.

Trustee's Report

Voting and Engagement activity – Equity Funds (continued)

LGIM

Voting policy

LGIM makes use of Institutional Shareholder Services (ISS) proxy voting platform to electronically vote and augment its own research and proprietary ESG assessment tools but does not outsource any part of the strategic decisions. The manager has put in place a custom voting policy with specific instructions that apply to all markets globally, which seeks to uphold what it considers to be minimum best practice standards all companies should observe. Even so, LGIM retains the ability to override any voting decisions based on the voting policy if appropriate, for example, if engagements with the company have provided additional information. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by the service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

All decisions are made by LGIM's Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company.

The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions

The table below shows the voting statistics for the fund for the year to 31 December 2021.

Number of resolutions eligible to vote on over the period	10,329
% of resolutions voted on for which the fund was eligible	99.98%
Of the resolutions on which the fund voted, % that were voted against management	19.14%
Of the resolutions on which the fund voted, % that were abstained from	0.07%

Voting example

On the fund level, in June 2021, LGIM voted against a resolution to elect the CEO of retailer Target Corporation to the role of chair of the company's board as well. It is LGIM's policy to advocate for the separation of CEO and board chair roles. LGIM believes these two roles to be substantially different, requiring distinct skills and experiences due to risk management and oversight. Further, LGIM expects a CEO or Non-Executive Director not to hold too many board positions to ensure they can undertake their duties effectively. 93.7% of shareholders voted in favour of the resolution. LGIM considered this vote to be significant because it is an example of how it applied and escalated its voting policy on the topic of combined board chair and CEO roles.

Trustee's Report

Voting and Engagement activity – Equity Funds (continued)

LGIM (continued)

Engagement policy

LGIM has a six-step approach to its investment stewardship engagement activities, broadly these are:

1. Identify the most material ESG issues,
2. Formulate the engagement strategy,
3. Enhancing the power of engagement,
4. Public Policy and collaborative engagement,
5. Voting, and
6. Reporting to stakeholders on activity.

LGIM takes an active role in stewardship and considers it a duty to be accountable to its clients' assets and ensure it upholds the highest corporate governance standards. LGIM monitors several ESG subjects and conducts engagement on various issues. Its top five engagement topics are climate change, remuneration, diversity, board composition and strategy.

All decisions are made by LGIM's investment stewardship team and in accordance with its relevant corporate governance, Responsible Investment and Conflicts of Interest policy documents, which are reviewed annually. The corporate governance team meets with the active equity and fixed income team on a bi-weekly basis to share information gained from analysis and engagement activity. This is a forum for raising and discussing particular investment and ESG concerns, insights and updates.

LGIM's engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients.

More information can be found on LGIM's engagement policy here:

https://www.lgim.com/landg- assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf.

LGIM was unable to provide engagement examples at a fund level. The Trustee, supported by its adviser Aon, has engaged with LGIM on this topic to encourage it to report on its engagement activities in line with its peers. The Trustee expects to see improvements in LGIM's stewardship reporting in the next reporting year. LGIM was able to provide an engagement example at the firm level, which is outlined below.

Trustee's Report

Voting and Engagement activity – Equity Funds (continued)

LGIM (continued)

Engagement example

A firm level example of ongoing LGIM engagement with investee companies over 2021 was on the theme of anti-microbial resistance ("AMR"). LGIM states the overuse and inappropriate use of many antimicrobials in human activities are often linked to the uncontrolled release and disposal of antimicrobial agents which can last for prolonged periods of time. Such include antibiotics in the water systems, including clean water and sewage. Notably, the current water sanitation and management systems have not been designed to address AMR concerns.

LGIM has reached out to 20 water utility companies through an open letter to understand if these investee companies are aware of this issue and subsequently introduce effective monitoring systems to detect agents such as antibiotic-resistant bacteria and genes. In addition, LGIM has hosted meetings with some of the companies and remarked that the awareness in AMR is low in most countries. The manager believes this is due to the lack of regulatory requirements and/ or little perception of potential risks to the individual company.

However, following continued engagements, LGIM found several investee companies are indeed considering AMR. For example, one utility company is seeking to understand what happens to emerging contaminants in the wastewater treatment process, and as part of this has implemented a programme that will analyse the results to understand what improvements in their systems would be required to address it.

Through the series of engagements, LGIM stresses it is important to promote a more enhanced and standardised approach to AMR through influencing the regulatory landscape and as part of this LGIM is also working with its peers within the Investor Action on AMR initiative.

Trustee's Report

Engagement activity – Fixed income funds

Whilst voting rights are not applicable to non-equity mandates, the Trustee recognises that debt investors have significant capacity for engagement with issuers of debt. Debt financing is continuous, and therefore a vested interest on the part of debt issuers is to ensure that institutional investors are satisfied with the issuer's strategic direction and policies. Whilst upside potential may be naturally limited in comparison to equities, downside risk mitigation and credit quality is a critical part of investment decision-making.

The following examples demonstrate some of the engagement activity carried out by the Plan's fixed

income managers over the year. Engagement policy and example

The LGIM engagement policy has been covered under the equity section of this statement, and it

should be noted that the anti-microbial resistance example of engagement relating to regulated water utility companies is also applicable to the Plan's segregated Buy and Maintain mandate, which contains c.9% exposure to debt issued by these companies. Wastewater discharges from agricultural and industrial settings affect the water supply chain, which LGIM note is an issue on which water utility companies must be proactive.

The Plan's segregated Buy and Maintain portfolio also has c.10% exposure to banks. Over 2021, LGIM engaged with several banks which form part of the Plan's portfolio to assess their pathway to net-zero emissions, because the manager believes that banks have a major role to play in the low-carbon transition. LGIM identified that c.20% of outstanding bank loan books are issued to high emitters and c.22% of loans from lead global banks are to climate sensitive sectors (such as energy, utilities, mining, transportation, commercial real estate, etc.). This places banks at a high risk of reputational and litigating damage.

LGIM engaged with the banks to understand their net-zero transition plans and targets; assess their resilience to climate change scenarios; better understand efforts made in working with clients to decarbonise the value chain, and assess restrictions around investing into thermal coal. LGIM also encouraged the banks across the Plan's portfolio to disclose Scope 3 emissions associated with their own investments.

Some of the positive outcomes of such engagement are summarised below:

- JPMorgan & Chase – will align its financing with the Paris Agreement goals
- Santander – set interim net-zero targets for 2030, joined Net Zero Asset Manager initiative
- Mizuho – will set and disclose interim Scope 3 targets by end of FY2022

The Plan's segregated portfolio also contains c.0.5% exposure to McDonalds, the fast food retailer. LGIM believes that the (over)use of antibiotics as routine to the meat production industry fuels antibiotic resistance, potentially contributing to public health concerns. Whilst LGIM has noted the company's reduction in antibiotic usage within its supply chain, the manager believes that drug resistance is a financially material issue for the company and its investors. As such, LGIM wanted to highlight the importance of this issue to the Company's Board of Directors, hence holding a meeting on the topic during 2021. LGIM have scored McDonalds' ESG rating as average (4.5/10) relative to peers, and have noted that this translates to an average-sized position within the Plan's portfolio.

Engagement activity – Alternative funds

The Trustee acknowledges that the ability of alternative managers to engage with and influence investee companies may be less compared to equity managers. However, it is encouraging to see from the information they provided for the EPIS that the managers are active in their role as stewards of capital.

The following section demonstrates some of the engagement activity being carried out by the Plan's alternative managers over the year.

Insight Investment Management ("Insight")

Engagement policy

The manager adopts a global macro approach and uses derivatives, market index-based securities, direct holdings and pooled funds for implementation. As Insight makes extensive use of derivative instruments in the strategy, they are proponents of the development of these markets to help embed responsible investment practices in the wider industry. The strategy seeks to apply responsible investment across all asset classes.

The strategy seeks to apply responsible investment across all asset classes, and within investment grade credit, high yield and emerging market debt, Insight have introduced ESG-screened exposures. The strategy invests in listed closed-end investment companies and has an ESG questionnaire for the strategy's infrastructure holdings, to help assess ESG credentials across sectors and identify areas for future engagement.

Additionally, Insight states within its responsible investment policy that it engages as a bondholder with management and other entities to discuss issues such as strategy, deployment of capital, performance, remuneration, risk management and ESG factors. Insight prioritises its engagement dependent on a variety of factors which can include portfolio position, materiality of issue and company access. Insight produces a detailed annual report on responsible investment covering examples of their collaboration, engagement and ESG integration.

More information can be found here:

https://www.insightinvestment.com/globalassets/documents/responsible-investment/responsible-investment-reports/uk-responsible-horizons-report-2020.pdf

Trustee's Report

Engagement activity – Alternative funds (continued)

Insight Investment Management ("Insight")

Engagement example

On the fund level, in Q2 2021 Insight engaged with Think Tank (Australian property lending specialist). Insight engaged with Think Tank's senior management to get a better understanding of the governance and social risks involved in their origination and servicing business.

One of the areas for improvement was the number of board members and some aspects of the Renumeration policy. Insight discussed the compensation and its linkage to the amounts of products sold, as well as the collection recovery targets. It expressed some concerns about the company's complaint governance process and the lack of independent review. Insight felt that policies regarding third party servicers needed to be better governed with complaints being evaluated independently.

Insight also requested additional environmental metrics on the collateral pool as part of the engagement and expressed that it would like to see Think Tank do more to ensure borrowers have flexible terms with a change in circumstances.

According to Insight's ESG score, Think Tank was awarded a rating of 2 with strength in the company's governance structures regarding origination. Insight requested they consider implementing an environmental assessment for all new loans. This engagement is ongoing; however, the manager is comfortable with the overall ESG risks and expects to see improvements in servicing governance and environmental disclosure going forward.

Bridgewater Associates ("Bridgewater")

Engagement policy

Bridgewater's Stewardship and Corporate Engagement Policy is set, implemented, and overseen by the Sustainable Investing Committee, and it spans corporate engagement, proxy voting, and collaborative engagements with a broad range of industry actors, including data providers, research institutions, industry partners, and our clients. The policy adheres to the guidelines of the Principles for Responsible Investing (PRI) and has two overarching objectives: advancing our portfolio objectives across return, risk, and impact, as well as improving our understanding of company-specific sustainability issues.

Bridgewater launched its sustainable investing practice in the spring of 2021, committing to deploy an analytical tool kit to address sustainability issues that affect clients and their portfolios; and create investment solutions designed to achieve impact objectives and deliver returns. Bridgewater continues to examine how the climate transition will affect economies and financial markets, researching how to build portfolios aligned with net-zero.

Trustee's Report

Engagement activity – Alternative funds (continued)

Bridgewater Associates ("Bridgewater") (continued)

Engagement example

In 2021, on the firm level, Bridgewater engaged with a US auto company on the topic of supporting the transition to a low carbon economy. Bridgewater recognised that the company has moderate UN SDG alignment based on the small but growing share of electric vehicles (EV), some progress on sustainability initiatives in operation, and long-term net-zero plans. The engagement consisted of robust discussions between Bridgewater's co-CIO for sustainability and the US auto company head of sustainability on net-zero plans. The manager found that the company provided good and detailed answers and shared ambitions plans backed by detailed sales targets and CapEx plans. The engagement also opened a discussion on the challenges of forecasting long-term EV adaptation rates by the market in the absence of clear government policies.

Compliance Matters

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with Schedule 3 of The Occupational Pension Schemes (Disclosure of Information) Regulations 1996 or voluntarily by the Trustee. The information deals with matters of administrative routine.

Taxation

The Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

Transfer values

Transfer values paid during the year were calculated and verified in accordance with regulations under Section 97 of the Pension Schemes Act 1993 and the transfer values paid during the year were calculated and verified in accordance with regulations under Section 173 of the Pensions Act 1995.

During the year, the transfer values paid were equal to the cash equivalent of the members' leaving service rights.

Related Party Transactions

Details of related party transactions are given in note 20 to the financial statements.

Internal Dispute Resolution Procedure

Under the Pensions Act 1995, the Plan is required to put in place and maintain an Internal Dispute Resolution Procedure (IDRP) to deal with members' disputes. The Trustee is committed to trying to resolve disputes informally and swiftly. Nevertheless, an IDRP has been put in place and a copy detailing the process is available from the Trustee.

The formal IDRP is a two-stage process. In the first instance, complaints should be sent to the Plan Administrator, Capita Pension Solutions Limited at the address on page 2. In normal circumstances, a full response will be issued within two months. If members are dissatisfied with this response, they are entitled to refer the matter to the Trustee within six months of receiving it. The Trustee will then reply directly to the member, where possible, within two months.

If a member is dissatisfied with the Trustee's response to a complaint, the member may contact the Pensions Ombudsman.

Trustee's Report

Pensions Ombudsman

The Pensions Ombudsman will assist members and beneficiaries of the Plan in connection with difficulties which they have failed to resolve with the Trustee or Administrator of the Plan and may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme.

The Pensions Ombudsman may be contacted at 1st Floor, 10 South Colonnade, Canary Wharf, London, E14 4PU.

Telephone: 0800 917 4487

Early resolution email: helpline@pensions-ombudsman.org.uk

Email: enquiries@pensions-ombudsman.org.uk

MoneyHelper

The Money and Pensions Service (MaPS) was created in 2019 as a single body to bring together the services previously delivered by The Pensions Advisory Service (TPAS), the Money Advice Service and Pension Wise, providing information to the public on matters relating to workplace and personal pensions. With effect from 30 June 2021 MaPS has been re-branded as MoneyHelper but still offers all the same services.

Website: https://www.moneyhelper.org.uk

Email: pensions.enquiries@moneyhelper.org.uk

Tel: 0800 011 3797

The Pensions Regulator

The statutory body that regulates occupational pension schemes is the Pensions Regulator and it can be contacted at: The Pensions Regulator, Napier House, Trafalgar Terrace, Brighton, BN1 4DW.

Telephone: 0345 600 0707

Email: customersupport@tpr.gov.uk

Website: www.thepensionsregulator.gov.uk

Pensions Tracing Service

A pension tracing service is carried out by the Department for Work and Pensions.

This service can be contacted as follows: Pension Tracing Service, Napier House, Mail Handling Site A, Wolverhampton, WV98 1LH.

Telephone: 0800 731 0193

Statement of Trustee's Responsibilities for the Financial Statements

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view, of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

The Trustee is also responsible for making available certain other information about the Plan in the form of an Annual Report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee's Report

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard in the UK & ROI" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date, assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Plan members on request.

The most recent full actuarial valuation of the Plan was carried out as at 31 December 2020. This showed that on that date:

The value of the Technical Provisions was:	£561.3 million
The value of the assets at that date was:	£558.2 million

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Discount interest rate:

Gilt curve + 0.60% pa initially reducing to gilt curve + 0.4% pa by 31 December 2023.

Future Retail Price inflation (RPI):

Based on the Willis Towers Watson breakeven inflation curve.

Future Consumer Price inflation (CPI):

RPI minus 1% pa until 2030, minus 0% pa thereafter.

Pension increases:

In line with RPI/CPI inflation curves capped at 3% pa or 5% pa.

Nil where there are no guaranteed increases, otherwise.

Pay increases:

N/A as there are no active members of the Plan.

Mortality:

In the period before and after retirement, standard S3PMA year of birth tables with a scaling factor of 73% for males with pensions over £20,000 per annum; 102% for males with pensions under £20,000 per annum and 76% for females. Future mortality improvements are assumed to be in line with the CMI 2020 Core Projection Model with a long term trend of 1.5% p.a., an initial addition parameter of 0.25% and standard smoothing parameter Sk of 7.0.

Contact for Further Information

Any enquiries or complaints about the Plan, including requests from individuals for information about their benefits or Plan documentation, should be sent to:

Pfizer Pension Team
Capita Pension Solutions Limited
PO Box 555
Stead House
Darlington
DL1 9YT
Tel: 0800 328 4233
E-mail: pfizerpensions@capita.com

Approval

This Trustee Report was approved by the Trustee of the Monsanto Pension Plan and signed on its behalf by:

DocuSigned by:
Akash Rooprai July 27, 2022
28DBDEB00F8A41C...

DocuSigned by:
Nita Tinn July 27, 2022
343A343282F5434... Date:

Director
ITS Limited

Actuary's Certification of Schedule of Contributions

Actuary's Certification of Schedule of Contributions

Scheme Name	Monsanto Pension Plan

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in the schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2020 to be met by the end of the period specified in the Recovery Plan dated December 2021.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated December 2021.

The certification of the adequacy of the rates of contribution for the purpose of securing that the statutory funding objective can be met is not a certification of their adequacy for the purposes of securing the Plan's liabilities by the purchase of annuities, if the Plan were to be wound-up.

Signature: CDSPepper

Date: 11 January 2022

Name: Charles Pepper

Qualification: Fellow of the Institute and Faculty of Actuaries

Address: Towers Watson Limited
51 Lime Street
London
EC3M 7DQ

Authorised and regulated by the Financial Conduct Authority.

Independent Auditor's Statement about Contributions to the Trustee of the Monsanto Pension Plan

We have examined the summary of contributions to the Monsanto Pension Plan for the Plan year ended 31 December 2021 which is set out in the Trustee's Report on page 9.

In our opinion contributions for the Plan year ended 31 December 2021 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the Plan actuary on 4 December 2018 for the period 1 January 2021 to 31 December 2021.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the schedule of contributions.

Respective responsibilities of trustees and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Plan's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Plan by the employer in accordance with the schedule of contributions.

It is our responsibility to provide a Statement about Contributions paid under the schedule of contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Plan's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee as a body, for our work, for this statement, or for the opinion we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW

Date: 27 July 2022

Independent Auditor’s Report to the Trustee of the Monsanto Pension Plan

Opinion

We have audited the financial statements of Monsanto Pension Plan (“the Plan”) for the year ended 31 December 2021 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year ended 31 December 2021 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Trustee of the Monsanto Pension Plan

Other information

The Trustee is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 28, the Trustee is responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Plan or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Independent Auditor's Report to the Trustee of the Monsanto Pension Plan

Auditor's responsibilities for the audit of the financial statements (continued)

We set out below the key areas which, in our opinion, the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias

- Misappropriation of investment assets owned by the Plan. This is addressed by obtaining direct confirmation from the investment custodian/fund managers of investments held at the Statement of Net Assets date.

- Diversion of assets through large investment transactions. A sample of transactions are agreed to supporting documentation testing the authorisation of the amount and approval of the payment of the transactions.

- Non-receipt of contributions due to the Plan from the employer. This is addressed by testing whether contributions due are paid to the Plan in accordance with the schedule of contributions agreed between the employer and Trustee.

- Payment of large transfers out to invalid schemes or members. This is addressed through testing that there is evidence that the receiving scheme is valid, the member identity is verified and of the authorisation of the amount and approval of the payment of the transactions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor’s Report to the Trustee of the Monsanto Pension Plan

Use of our report

This report is made solely to the Plan’s Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plans Trustee those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan’s Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW

Date: 27 July 2022

Fund Account for the year ended 31 December 2021

	Note	2021	2020
Contributions and benefits		**£**	**£**
Employer contributions	4	**-**	3,000,000
Benefits paid or payable	5	**(19,995,836)**	(20,510,132)
Payments to and on account of leavers	6	**(8,871,639)**	(7,435,932)
Administrative expenses	7	**(1,940,671)**	(1,611,993)
		(30,808,146)	(29,558,057)
Net withdrawals from dealings with Members		**(30,808,146)**	(26,558,057)
Returns on investments			
Investment income	8	**16,851,968**	15,562,873
Change in market value of investments	9	**(9,751,033)**	32,898,479
Investment management expenses	10	**(534,698)**	(413,811)
Net returns on investments		**6,566,237**	48,047,541
Net (decrease)/increase in the fund during the year		**(24,241,909)**	21,489,484
Net assets of the Plan at 1 January		552,983,596	531,494,112
Net assets of the Plan at 31 December		**528,741,687**	552,983,596

The notes on pages 39 to 52 form an integral part of these financial statements.

Statement of Net Assets available for benefits

As at 31 December 2021

	Note	2021	2020
		£	**£**
Investment assets:	9		
Bonds		**90,719,516**	202,400,413
Pooled investment vehicles	11	**181,257,924**	157,890,459
Derivatives	12	**884,276**	4,015,573
Insurance policies	13	**250,445,000**	178,120,000
AVC investments	14	**1,700,121**	1,628,829
Cash		**607,678**	616,595
Other investment balances		**1,246,983**	706,269
		526,861,498	545,378,138
Investment liabilities:			
Derivatives	12	**(138,071)**	(229)
Total net investments		**526,723,427**	545,377,909
Current assets	18	**3,176,594**	8,465,750
Current liabilities	19	**(1,158,334)**	(860,063)
Net assets of the Plan at 31 December		**528,741,687**	552,983,596

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on page 29 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 39 to 52 form an integral part of these financial statements.

The financial statements were approved and signed on behalf of the Trustee.

DocuSigned by:
A. Rooprai
28DBDEB00F8A41C...
Akash Rooprai July 27, 2022

DocuSigned by:
343A343282F5434...
Nita Tinn July 27, 2022

Director, ITS Limited **Date**

Notes to the Financial Statements

1. Basis of Preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and with guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (Revised 2018) ("the SORP").

The financial statements are prepared on a going concern basis, which the Trustees believe to be appropriate as it believes that the Plan has adequate resources to meet obligations as they fall due for at least the next twelve months from the approval of these financial statements.

2. Identification of the financial statements

The Plan is established as a trust under English Law. The registered address of the Plan is at MPP Trustee Limited, Ramsgate Road, Sandwich, Kent, CT13 9NJ.

3. Accounting Policies

The principal accounting policies of the Plan are as follows:

Contributions and benefits

Contributions and benefits payable are accounted for in the period to which they relate. Deficit funding contributions and contributions in respect of administrative expenses are accounted for in accordance with the Schedule of Contributions agreed by the Trustee with the Employer. Additional contributions are accounted for on a cash basis.

Pensions in payment are accounted for in the period to which they relate.

Where the Trustee is required to settle tax liabilities on behalf of a member (such as when lifetime or annual allowances are exceeded) with a consequent reduction in that Member's benefits receivable from the Plan, this is shown separately within benefits.

Transfer values

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to the pension schemes of new employers for members who have left the Plan. Individual transfer values from and to other pension arrangements are accounted for when payment is made or received, which is when the liability transfers.

Income from investments and deposits

Income from investments and deposits is dealt with on an accruals basis. All investment income is stated inclusive of any related taxation. Any irrecoverable withholding taxes are reported separately as a tax charge. Income from pooled investment vehicles is stated net of management fees and is reinvested and accumulates within the fund value. Interest on cash deposits is accrued on a daily basis. Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales. Income arising from annuity policies is included in investment income.

Notes to the Financial Statements

3. Accounting Policies (continued)

Presentation currency

The Plan functional and presentation currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Plan year end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.

Administrative expenses

All administrative expenses borne by the Plan are accounted for on an accrual's basis.

Valuation of investments

Investments are included at fair value.

Quoted securities in active markets are usually valued at the current bid prices at the reporting date.

Pooled investment vehicles are valued at the fair value (bid price where available or otherwise at single price) which are based on the market value of the underlying investments as advised by the Investment Managers.

Acquisition costs are included in the purchase cost of investments.

The changes in market value of investments are accounted for in the year in which they arise and include all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. All gains and losses arising on derivative contracts are also reported within change in market value.

Forward foreign exchange (fx) contracts are valued by determining the gain and loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

Open futures contracts are included in the Statement of Net Asset at their fair market value, which is the current unrealised profit or loss at the current bid or offer market quoted price of the contract. The amounts included in change in market value are the realised gains or losses on closed futures contracts and the unrealised gains or losses on open futures contracts.

Swaps are valued at the current value of future cash flows arising from the swap determined using discounted cash flow models and market data.

AVC investments are included at the values provided by the AVC Investment Managers.

Annuity policies are valued by the Plan Actuary at the amount of the related obligation, determined using the most recent Plan Funding valuation assumptions updated for market conditions at reporting date.

Notes to the Financial Statements

3. Accounting Policies (continued)

Investment management expenses

Investment Managers' expenses are accounted for on an accrual's basis. The investment managers are paid fees quarterly calculated on a sliding scale dependent on the value of the funds under management.

Taxation

The Plan is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

4. Contributions receivable

	2021	2020
	£	£
Employer contributions:		
Special – discretionary pension increases	-	3,000,000

In accordance with the Schedule of Contribution certified by the actuary on 4 December 2018 the Employer will make deficit contributions if, over 2 consecutive quarters between January 2018 and December 2023, the funding level falls more than 2% below the expected funding level set out in their appendix.

No deficit funding contributions were due for the year ended 31 December 2021.

£3,000,000 was received on 16 March 2020 for the Discretionary Pension increases.

5. Benefits paid or payable

	2021	2020
	£	£
Pensions	**17,524,301**	17,666,277
Commutations and lump sum retirement benefits	**2,261,313**	2,814,041
Lump sum death benefits	**207,955**	2,722
Taxation where lifetime or annual allowance exceeded	**2,267**	27,092
	19,995,836	20,510,132

6. Payments to and on account of leavers

	2021	2020
	£	£
Individual transfers to other schemes	**8,372,349**	7,412,983
Pension sharing on divorce	**191,778**	-
AVCs transfers out	**307,512**	22,949
	8,871,639	7,435,932

Notes to the Financial Statements

7. Administrative expenses

	2021 £	2020 £
Audit fees	**19,500**	29,356
Legal & professional fees	**313,846**	193,263
Actuarial fees	**876,180**	679,390
Other professional fees	**208,777**	220,253
Trustee fees	**69,675**	29,740
Bank charges	**-**	6
Investment consulting fees	**422,069**	434,259
PPF levy	**30,624**	25,726
	1,940,671	1,611,993

8. Investment income

	2021 £	2020 £
Interest on cash deposits	**2,444**	12,113
Bonds	**3,879,326**	4,813,959
Pooled investment vehicles	**315,588**	395,152
Annuity income	**12,380,929**	10,126,886
Swaps income	**273,681**	214,763
	16,851,968	15,562,873

9. Investment assets

Market value reconciliation

	Market value at 1 January 2021 £	Purchases at cost and derivative payments £	Sales proceeds and derivative receipts £	Change in market value £	Market value at 31 December 2021 £
Bonds	202,400,413	5,227,826	(99,551,340)	(17,357,383)	**90,719,516**
Pooled investment vehicles	157,890,459	117,039,142	(111,346,306)	17,674,629	**181,257,924**
Derivatives	4,015,344	3,352,709	(5,716,629)	(905,219)	**746,205**
Insurance policies	178,120,000	81,677,000	-	(9,352,000	**250,445,000**
AVC investments	1,628,829	-	(117,648)	188,940	**1,700,121**
	544,055,045	207,296,677	(216,731,923)	(9,751,033)	**524,868,766**
Cash deposits	616,595				**607,678**
Other investment balances	706,269				**1,246,983**
	545,377,909				**526,723,427**

Included within sales and purchases are transfers between investment managers of £16.8m. The transfers occurred in cash/in-specie.

Notes to the Financial Statements

9. Investment assets (continued)

Other investment balances

	2021 £	2020 £
Bonds – accrued income	**1,164,100**	1,586,246
Cash collateral	**82,883**	(879,977)
	1,246,983	706,269

Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds.

The only direct costs charged to the Plan are the investment management fees which are billed quarterly and dealt within note 10.

Indirect transaction costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect transaction costs is not separately provided to the Plan.

10. Investment management expenses

	2021 £	2020 £
Administration, management and custody	**527,019**	393,538
Other investment expenses	**7,679**	20,273
	534,698	413,811

11. Pooled investment vehicles

The Plan's investments in pooled investment vehicles at the year end comprised:

	2021 £	2020 £
Equities	**62,826,556**	69,356,473
Bonds	**116,799,789**	81,413,580
Liquidity Funds	**1,631,579**	7,120,406
	181,257,924	157,890,459

Notes to the Financial Statements

12. Derivative Contracts

Objectives and policies

The Trustee has authorised the use of derivatives by their investment managers as part of their investment strategy for the Plan as follows:

Exchange traded futures – contracts in short term gilts are purchased with an underlying economic value broadly equivalent to those assets that the Trustee does not wish to be held out of the market.

Forward foreign exchange – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investors to the targeted level.

Swaps – The Trustee aims to match the liability-driven element of the investment portfolio with the Plan's long term liabilities, particularly in relation to their sensitivities to interest rate movements. Due to the lack of available long-dated bonds, the Trustee holds interest rate swaps to extend the duration and match more closely with the Plan's liability profile.

	2021 Asset Value £	**2021 Liability Value £**	**2020 Asset Value £**	**2020 Liability Value £**
Futures	**75,840**	**(26,948)**	671,910	(229)
Forward FX contracts	**231,213**	**(111,123)**	1,325,924	-
Interest rate Swaps	**577,223**	**-**	2,017,739	-
	884,276	**(138,071)**	4,015,573	(229)

The Plan had open futures contracts at the year end as follows:

Nature		**Economic exposure £**	**Expires**	**Asset Value £**	**Liability Value £**
LIF LONG GILT - exchange traded		124,900	29-Mar-22	135	
10 Yr T-Notes - exchange traded		(644,311)	22-Mar-22		(354)
CBT 5 Yr T-Note - exchange traded		(1,733,868)	31-Mar-22	35,402	
CBT UL T-Bonds - exchange traded		(6,988,676)	22-Mar-22		(26,594)
US T-Bonds - exchange traded		(5,359,071)	22-Mar-22	35,802	
US 2 Yr T-Note - exchange traded		(2,910,775)	31-Mar-22	4,501	
Total	**2021**	**(17,511,801)**		**75,840**	**(26,948)**
Total	2020			671,910	(229)

Notes to the Financial Statements

12. Derivative Contracts (continued)

The Plan had open forward foreign exchange contracts at the year end as follows:

Contract	Settlement Date	Currency bought		Currency Sold		Asset Value £	Liability Value £
Forward OTC	18/10/2021	GBP	2,544,508	USD	(2,578,971)	-	(34,463)
Forward OTC	18/10/2021	GBP	2,625,858	USD	(2,663,992)	-	(38,134)
Forward OTC	18/10/2021	GBP	2,719,264	USD	(2,753,065)	-	(33,801)
Forward OTC	15/11/2021	GBP	8,250,423	USD	(8,189,322)	61,101	-
Forward OTC	13/12/2021	GBP	8,322,769	USD	(8,152,657)	170,112	-
Forward OTC	13/12/2021	USD	221,526	GBP	(226,250)	-	(4,725)
				Total	**2021**	**231,213**	**(111,123)**
				Total	2020	1,325,924	-

The Plan had open interest rate Swaps at the year end as follows:

Nature	No. of Contracts	Notional Amounts £	Expires	Asset Value £	Liability Value £
Interest rate Swaps	3	18,000,000	1-10 years	**196,043**	**-**
Interest rate Swaps	2	7,000,000	11-20 years	**381,180**	**-**
Total	**2021**			**577,223**	**-**
Total	2020			2,017,739	-

13. Insurance policies

The Trustee holds three insurance policies, two with Scottish Widows and one with UNUM which provide annuity income to cover pensions for certain members.

	2021 £	2020 £
Scottish Widows	**250,322,000**	177,953,000
UNUM	**123,000**	167,000
	250,445,000	178,120,000

There is no collateral held for the policies.

The Plan Actuary has valued these policies using the same approach to assumptions setting as used for the Plan's Technical Provisions as at 31 December 2021 assumptions, except that the mortality assumptions used reflect the expected life expectancy of the population covered by the buy-in policy.

Notes to the Financial Statements

14. AVC investments

The Trustee holds assets invested separately from the main investments to secure additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to 31 December confirming the amounts held in their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

	2021 £	2020 £
Utmost - With profits Fund	**21,174**	19,737
Clerical Medical Investment Group Ltd – With profits Fund	**426,329**	471,620
Clerical Medical Investment Group Ltd – Unit linked Fund	**77,735**	42,781
Aegon - Unitised Fund	**1,174,883**	1,094,691
	1,700,121	1,628,829

15. Fair value determination

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Plan's investment assets and liabilities have been fair valued using the above hierarchy levels as follows:

As at 31 December 2021	**Level 1** **£**	**Level 2** **£**	**Level 3** **£**	**Total** **£**
Bonds	**-**	**90,719,516**	**-**	**90,719,516**
Pooled investment vehicles	**-**	**181,257,924**	**-**	**181,257,924**
Derivatives	**48,892**	**697,313**	**-**	**746,205**
Insurance policies	**-**	**-**	**250,445,000**	**250,445,000**
AVC investments	**-**	**1,252,618**	**447,503**	**1,700,121**
Cash	**607,678**	**-**	**-**	**607,678**
Other investment balances	**82,883**	**1,164,100**		**1,246,983**
	739,453	**275,091,471**	**250,892,503**	**526,723,427**

Notes to the Financial Statements

15. Fair value determination (continued)

As at 31 December 2020	Level 1 £	Level 2 £	Level 3 £	Total £
Bonds	-	202,400,413	-	202,400,413
Pooled investment vehicles	-	157,890,459	-	157,890,459
Derivatives	671,681	3,343,663	-	4,015,344
Insurance policies	-	-	178,120,000	178,120,000
AVC investments	-	1,137,471	491,358	1,628,829
Cash	616,595	-	-	616,595
Other investment balances	(879,977)	1,586,246	-	706,269
	408,299	366,358,252	178,611,358	545,377,909

16. Investment risk disclosures

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Plan has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustee through regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include the AVC investments as these are not considered significant in relation to the overall investments of the Plan.

Investment Strategy

Please refer to page 12 for the Plan's investment strategy.

Notes to the Financial Statements

16. Investment risk disclosures (continued)

Credit risk

The Plan is subject to credit risk because the Plan directly invests in bonds, derivatives and has cash balances. The Plan also invests in pooled investment vehicles and is therefore directly exposed to credit risk with the investment managers listed on page 2. The Plan is indirectly exposed to credit risks arising on the financial instruments held within the pooled investment vehicles. The Plan uses derivatives within its bond portfolio (managed by Legal & General) which is also exposed to credit risk. The derivatives are used for hedging purposes only and not used to make tactical decisions. The credit risk within the derivatives contracts is managed by posting collateral. Additionally, LGIM monitor the credit risk of each counterparty bank and can only invest in banks agreed within the investment manager agreement.

Analysis of direct credit risk:

As at 31 December 2021	**Investment grade**	**Non-investment grade**	**Unrated**	**Total**
	£	**£**	**£**	**£**
Bonds	**90,719,516**	**-**	**-**	**90,719,516**
Pooled investment vehicles	**-**	**-**	**181,257,924**	**181,257,924**
Insurance policies	**-**	**-**	**250,445,000**	**250,445,000**
Derivatives	**577,223**	**-**	**120,090**	**697,313**
	91,296,739	**-**	**431,823,014**	**523,119,753**

As at 31 December 2020	**Investment grade**	**Non-investment grade**	**Unrated**	**Total**
	£	**£**	**£**	**£**
Bonds	202,400,413	-	-	202,400,413
Pooled investment vehicles	-	-	157,890,459	157,890,459
Insurance policies	-	-	178,120,000	178,120,000
Derivatives	2,017,739	-	1,325,924	3,343,663
	204,418,152	-	337,336,383	541,754,535

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers, receives ongoing monitoring of those pooled managers from the Plan's investment consultant, and on an ongoing basis monitors changes to the operating environment of the pooled managers. Direct credit risk arising from bonds is mitigated by investing in bonds which are rated at least investment grade.

Notes to the Financial Statements

16. Investment risk disclosures (continued)

Indirect credit risk arises in relation to underlying investments held primarily in the bond and liquidity pooled investment vehicles. The value of these is £107.4m (2020: £96.1m). This risk is mitigated by only investing in funds which hold at least investment grade credit rated investments. Some indirect credit risk also arises through the insurance policies due to the underlying assets.

The information about exposures to and mitigation of credit risk above applied at both the current and previous year end.

The Plan's pooled investment vehicles use various legal arrangements:

	2021 **£**	**2020** **£**
Longview - Investment company with variable capital (Société d'Investissement À Capital Variable "SICAV") investing in sub-funds	**-**	20,132,602
Legal & General Investment Management Limited - Unit linked life insurance investing in sub-funds	**133,275,091**	92,320,060
Bridgewater - Limited liability, Cayman Islands corporation	**21,992,498**	19,755,597
Insight Investments - An umbrella Irish collective asset-management vehicle with segregated liability between sub-funds registered in Ireland under the Irish Collective Asset-management Vehicles Act 2015	**25,990,335**	25,682,200
	181,257,924	157,890,459

Currency risk

The Plan is subject to indirect currency risk because some of the Plan's investments are held in overseas markets via pooled investment vehicles. As at 31 December 2021, 95.9% of the LGIM Developed Balanced Factor Equity Index Fund was exposed to currency risk

The Plan's holding in Bridgewater Risk Parity fund is currency hedged except for the Emerging Market equity exposure which represents a 7.9% (2020: 11.5%) exposure to currency risk.

The total currency risk for the Plan as at 31 December 2021 equates to c. £27.2m (2020: £40.8m).

Interest rate risk

The Plan is subject to direct interest rate risk because of its holdings in cash and segregated investments in corporate and government bonds and indirect interest rate risk through its pooled holdings in cash, bonds, absolute return and LDI funds and its use of derivatives. Excluding the annuity policy purchased with Scottish Widows, the Trustee has set a benchmark for total investment in bonds of 65% of Plan assets. Typically, should interest rates rise, the value of the bond portfolio will fall, so will the value of the liabilities, and vice versa. This helps the Plan to be better matched to the interest rate exposures of the payments that the Plan needs to make to beneficiaries

Notes to the Financial Statements

16. Investment risk disclosures (continued)

The allocation through the diversified growth funds is managed by the respective managers, with the risk mitigated by the diversified nature of the funds, and risk controls within those funds.

	2021 £	2020 £
Direct		
Bonds and cash	**92,574,177**	203,723,277
Derivatives	**577,222**	2,017,739
Indirect		
Pooled investment vehicles	**107,445,496**	96,107,045
Insurance policies	**250,445,000**	178,120,000

Other price risk

Other indirect price risk arises in relation to the Plan's return seeking portfolio which includes pooled holdings in equity, property and diversified growth funds (investing in a range of assets including equities, bonds and derivatives). Excluding the annuity policy purchased with Scottish Widows, the Plan has set a target asset allocation of 35% of investments being held in return seeking investments. The Plan manages this exposure to overall price movements by appointing suitable funds as to create a diverse portfolio of investments across markets.

Additionally, before each appointment, the Plan receives advice from the investment consultant on the suitability and risks to the Plan of both the asset class and fund manager being appointed. Ongoing, the Trustee takes advice from the investment consultant as to the continuing suitability of the asset classes and managers in which the Plan invests.

At the year end, the Plan's exposure to investments subject to other price risk was:

	2021 £	2020 £
Indirect		
Pooled investment vehicles	**73,812,428**	61,783,414

Insurer default risk

At the year end, the Plan's exposure to investments subject to insurer default risk was £250.4m (2020: £178.1m).

The policies are written in the name of the Trustee; therefore, the Plan (and ultimately the Company) would remain exposed for any residual liability that may result in default. However, insurers are required to meet stringent solvency requirements and compensation (up to a certain level) may be provided by the Financial Services Compensation Scheme should an insurer become insolvent.

Employer-related investments

Please refer to page 11 and note 20 below for details of the Plan's employer-related investments.

Notes to the Financial Statements

17. Concentration of investment

The following investments represent more than 5% of the total value of the net assets of the Plan.

	2021		2020	
	Market Value £	**% of Net Assets**	**Market Value £**	**% of Net Assets**
Scottish Widows Insurance Policy	**250,322,000**	**47.34**	177,953,000	32.18
LGIM Developed Balanced Factor Equity Index Fund	**26,583,851**	**5.03**	-	-

None of the Plan's holdings represent more than 5% of any class of shares of any company.

18. Current assets

	2021	2020
	£	**£**
Cash Balances	**1,749,706**	7,000,266
Pensions paid in advance	**1,426,888**	1,460,098
Due from HMRC	**-**	1,971
Other debtors	**-**	3,415
	3,176,594	8,465,750

19. Current liabilities

	2021	2020
	£	**£**
Accrued Benefits	**119,608**	120,982
Accrued Pensions	**217,589**	224,407
Accrued Expenses	**821,137**	512,225
Due to Brokers	**-**	2,449
	1,158,334	860,063

20. Related party transactions

During the year the Plan paid pensions in respect of four Trustee Directors of the Plan. Expenses of £6,600 (2020: £29,740) were paid to these Trustee Directors. There were no outstanding amounts as at 31 December 2021 (2020: Nil). These were in accordance with the Plan Rules.

All fees due to the independent Trustee Director are met by the Company. Expenses of £135,976 were paid in 2021 (2020: £104,445).

As at the 31 December 2021, the Plan held investments in Pfizer totalling 0.1% via the allocation to the LGIM new equity funds (2020: 0.0%).

Notes to the Financial Statements

21. GMP equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee is aware that the issue will affect the Plan and will be considering this at future meetings and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. The Scheme Actuary has confirmed that the liabilities relating to the backdated benefits and related interest as at 31 December 2021 will be less than 1% of the total scheme liabilities on a Technical Provision basis (c. £5.6m).

In November 2020 a further High Court judgement was made in respect of GMP equalisation and historic transfer values. The judge ruled that historic transfer values would fall under the scope of GMP equalisation and that trustees of pensions schemes remain liable to members where transfer value payments reflected unequalised GMP benefits. The Trustees have not included in the accounts liabilities in respect of potential arrears and interest arising as a result of equalising historic transfers out. The Scheme Actuary has confirmed that the impact on

the impact on liabilities will be less than 1% of the total scheme liabilities on a Technical Provision basis (c. £0.6m). The impact will be accounted for in the year that it is determined. The Trustees are minded to wait for further industry guidance in relation to equalising historic transfers out.

Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

Appendix 1

Statement of Investment Principles

Monsanto Pension Plan (the 'Plan')
Statement of Investment Principles
As at October 2021

Investment Objective

The Trustee aims to invest the assets of the Plan prudently to ensure that the benefits promised to members are provided. In setting the investment strategy, the Trustee first considered the lowest risk asset allocation that it could adopt in relation to the Plan's liabilities. The asset allocation strategy selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Plan's liabilities.

STRATEGY

The Plan's investment objective is currently being implemented using the **asset allocation strategy** as set out in the table below. The Trustee considers the strategy excluding the annuity policies when considering how to meet the residual liabilities.

This strategy has been decided upon by the Trustee in order to suitably manage the Plan's assets.

The investment objective was determined by considering a number of factors. These included the actuarial characteristics of the Plan, the strength of the funding position, strength of employer covenant, the sponsoring employer's views on risk and return, and the need for sufficient diversification. Written advice from the Plan's investment advisers was also considered when choosing the investment objective.

It is the Trustee's policy to consider:

- A full range of asset classes;
- The risks and rewards of a range of alternative asset allocation strategies;
- The suitability of each asset class; and
- The need for appropriate diversification.

It is the Trustee's policy to review the investment objective at regular intervals.

Appendix 1 Statement of Investment Principles

Asset allocation

Asset Allocation Strategy			
Asset Class	**Target Weighting %**	**Target Weighting % (excluding annuity)**	**Range**
Growth Assets	**17.5**	**35.0**	**+/- 10.0**
Global Equities	8.8	17.5	
Absolute Return	3.7	7.5	
Asset Backed Securities	5.0	10.0	
Matching Assets	**82.5**	**65.0**	**+/- 10.0**
Liability Driven Investment	15.0	30.0	
Corporate Bonds	17.5	35.0	
Annuity Policy	50.0	-	
Cash*	-	-	

**The Trustee has agreed a minimum cash buffer of £5m and this will be monitored regularly.*

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustee also complies with the requirements to maintain and take advice on the Statement and with the disclosure requirements.

The Plan's Liability Driven Investment Strategy has been developed such that it reduces the sensitivity of the Plan's funding level to changes in both interest rates and inflation via investment in a portfolio of leveraged fixed and inflation linked gilts determined appropriately to match the duration, nature and cashflow profile of the Plan's liabilities. The Plan has the flexibility to invest in non-leveraged fixed and inflation linked gilts if appropriate.

The Trustee has purchased three insurance contracts from Scottish Widows. These insurance contracts ('Buy-in') are agreements for Scottish Widows to pay the Plan an amount equivalent to the liabilities as they fall due. As such, the assets are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Plan. The asset protects the Plan from the interest rate, inflation and longevity risk associated with the members covered by the policy.

IMPLEMENTATION

The Trustee has delegated all day-to-day decisions about the investments that fall within each mandate to the relevant fund manager through a written contract. These duties include the realisation of investments, as determined by the fund managers' strategy.

The fund manager structure and investment objectives are held within Schedule 1 and will be updated from time to time to reflect the investment strategy of the Plan.

The Trustee expects the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practical.

The Trustee's policy is to allow no more than 5% direct self-investment and no direct investment in the parent company, Pfizer, in any segregated portfolio in order to avoid any potential conflict of interest.

The Buy-in Provider, Scottish Widows, agreed to take on a portion of the liabilities in exchange for premia which were paid from the assets of the Plan.

The Trustee regards the safekeeping of the Plan's assets as being of paramount importance. Accordingly, the Trustee has appointed Northern Trust as the Plan's custodian. The custodian provides safekeeping for all the Plan's assets that are held in segregated accounts and performs administrative duties such as the collection of interest and dividends and dealing with corporate actions. The Trustee has satisfied itself that this custodian meets its criteria with regard to the safekeeping of the assets.

RISK MEASUREMENT AND MANAGEMENT

The Trustee recognises that the key risk to the Plan is that it has insufficient assets to meet the benefits promised (i.e. the liabilities). This risk is known as funding risk. The Trustee has identified a number of risks which have the potential to cause deterioration in the Plan'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 ("mismatching risk"). The Trustee and its investment consultant considered this mismatching risk when setting the investment strategy and the de-risking trigger framework seeks to further reduce this risk as the funding position of the Plan improves.
- The risk of a shortfall of liquid assets relative to the Plan's immediate liabilities ("cash flow risk"). The Trustee and its investment consultant monitor the Plan's cash flows to minimise the probability that this occurs and this risk is minimised by investing the Plan's assets that are either highly liquid or that generate cashflows to meet anticipated cash outflows.
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustee ("manager risk"). This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund managers and on an ongoingbasis thereafter.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustee and its investment consultant considered this risk when setting the Plan's investment strategy.
- The possibility of failure of the Plan's sponsoring employer ("covenant risk"). The Trustee and its investment consultant considered this risk when reviewing the investment strategy. The sponsoring employer was consulted as to the suitability ofthe proposed strategy at the time it was agreed.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.
- The risk that Scottish Widows will not honour their obligations ("counterparty risk"). The Trustee received appropriate advice associated with this risk from Willis Towers Watson at the time of the purchase of the annuity contract.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of the formal investment strategy review and funding review. Some of these risks may also be modelled explicitly during the course of such reviews.

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The Trustee monitors the performance of the Plan's investments against the liabilities monthly. Additionally, the Trustee receives quarterly reports showing:

- Changes in the funding level since the previous valuation;
- Performance of individual fund managers versus their respective targets as measured by an independent performance measurer; and
- Any significant issues with the fund managers that may affect their ability to meet the performance targets set by the Trustee.

In addition, the Trustee also monitors the sponsoring employer's covenant.

Appendix 1 Statement of Investment Principles

GOVERNANCE

The Trustee of the Plan is responsible for the investment of the Plan's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether it has the appropriate training and expert advice in order to make an informed decision. The Trustee has established the following decision-making structure:

Trustee	**Investment Committee**
• Set structures and processes for carrying out its role. • Select and monitor planned asset allocation strategy. • Appoint Investment Committee. • Select direct investments (see below). • Consider recommendations from the Investment Committee.	• Make recommendations to Trustee on: — Selection of investment advisers and fund managers. — Structure for implementing investment strategy. • Monitor investment advisers and fund managers. • Monitor direct investments. • Make ongoing decisions relevant to the operational principles of the Plan's investment strategy. • Implementation of the de-risking trigger framework
Investment Adviser	**Fund Managers**
• Advises on all aspects of the investment of the Plan assets, including implementation. • Advises on this Statement of Investment Principles. • Provides required training.	• Operate within the terms of this statement and their written contracts. • Select individual investments with regard to their suitability and diversification. • Advise Trustee on suitability of the indices in their benchmark.

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments.**

When choosing investments, the Trustee and the fund managers (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 2005 Regulations replace existing Occupational Pension Schemes (Investment) Regulations 1996 and extend the provisions of the Pensions Acts 1995 and 2004.

Appendix 1 Statement of Investment Principles

The Regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the managers) against the following criteria:

- The best interests of the members and beneficiaries;
- Security;
- Quality;
- Liquidity;
- Profitability;
- Nature and duration of liabilities;
- Tradability on regulated markets;
- Diversification; and
- Use of derivatives.

The Trustee expects the fund manager of the underlying assets to carry out the powers of investment delegated to them with a view to giving effect to the principles in this statementso far as is reasonably practicable.

The Trustee's policy is to review its direct investments and to obtain written advice about them at regular intervals. These include vehicles available for members' AVCs. When deciding whether or not to make any new direct investments the Trustee will obtain writtenadvice and consider whether future decisions about those investments should be delegated to the fund managers.

The written advice will consider the suitability of the investments, the need for diversification and the principles contained in this statement. The Trustee's investment adviser, Aon, has the knowledge and experience required under the Pensions Act 1995.

The Trustee has appointed Aegon, Clerical Medical (with fund management being undertaken by Scottish Widows) and Utmost Life and Pensions to operate a range of funds for members’ AVCs. They are paid through a percentage of fund charge, which has been negotiated for competitiveness and is reviewed regularly.

In addition, the fund manager pays commissions to third parties on many trades it undertakes in the management of the assets.

As life companies and pooled fund managers Aegon, Clerical Medical and Utmost have appointed custodians for each of the investment funds available. The custodians provide safekeeping for all the funds' assets and perform administrative duties, such as the collection of interest and dividends and dealing with corporate actions.

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustee will take investment advice and consult with the sponsoring employer over any changes to the SIP.

Appendix 1 Statement of Investment Principles

Responsible Investment

In setting the Plan's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Plan and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustee believes that in order to fulfil this commitment and to protect and enhance the value of the Plan's investments, it is important to act as a responsible steward of the assets in which the Plan invests.

Environmental, social and governance (ESG) considerations

The Trustee further acknowledges that an understanding of financially material considerations including environmental, social and corporate governance ("ESG") factors (such as climate change) and risks related to these factors can contribute to the identification of investment opportunities and financially material risks. This includes the risk that ESG factors, including climate change, negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from Aon as their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

The Trustee has agreed the following set of belief statements in connection with ESG and sustainability matters:

- We believe that the Plan is exposed to the risks posed by climate change and it could impact the Plan's investments over its time horizon. This is a risk that can be prepared for.
- Our fiduciary duty requires us to take all financially material risks into account, including ESG risks.
- Our fund managers should integrate ESG factors into their investment process.
- Our fund managers should consider sustainability issues related to the companies they invest in as doing so is likely to improve risk-adjusted returns in the long- term.
- Poorly governed companies are more likely to underperform; good stewardship can lead to better risk-adjusted returns.

To this end, as part of their delegated responsibilities, the Trustee expects the Plan's fund managers to take into account corporate governance, social, and environmental considerations (including long-term risks posed by sustainability concerns including climate change risks) in the selection, retention and realisation of investments. Any decision made by the Plan's fund managers should not apply personal ethical or moral judgments to these issues but should consider the sustainability of business models that are influenced by them. Where relevant, the Trustee takes advice from Aon in relation to their fund managers' capabilities with regard to these matters.

Stewardship Policy – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Trustee recognises that ultimately this protects the financial interests of the Plan and its beneficiaries.

Appendix 1 Statement of Investment Principles

The Trustee regularly reviews the suitability of the Plan's appointed investment managers and take advice from their investment consultant with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustee has set out in this policy, the Trustee undertakes to engage with the manager and seek a more sustainable position but may look to replace the manager.

The Trustee reviews the stewardship activities of their investment managers on an annual basis, covering both engagement and voting actions, where applicable. The Trustee will review the alignment of the Trustee's policies to those of the Plan's investment managers and ensure their managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This includes the expectation that the Plan's appointed managers will engage with underlying investee companies and assets to promote good corporate governance, accountability, and positive change, and that they will provide the Trustee with details of relevant engagement activity to assist in the Trustee's annual review.

The Trustees will engage with the investment managers (relevant persons) as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned (relevant matters). This will take the form of annual reporting which will be made available to Plan members on request.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, they would monitor and engage with an issuer of debt or equity, an investment manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

Members' Views and Non-Financial Factors

Where members make an active decision to share their views with the Trustee on ethical matters, social and environmental impact matters and present and future quality of life matters (defined as "non-financial factors" under the 2018 Regulations), the Trustee will note and discuss these.

Disclosure and Reporting

The Trustee will report to members on an annual basis (via the annual newsletter) the steps taken by the Trustee in acting as a responsible steward of the assets in which the Plan invests. This document will be made publicly available.

Appendix 1 Statement of Investment Principles

Arrangements with Investment Managers

The Trustee monitors the Plan's investments to consider the extent to which the investmentstrategy and decisions of the investment managers are aligned with the Trustee's policies. This includes monitoring the extent to which investment managers:

- make decisions based on assessments about medium- to long-term financial and non- financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity to improve their performance in the medium - to long-term.

The Trustee is supported in this monitoring activity by their investment consultant.

The Trustee shares the policies, as set out in this Statement, with the Plan's investment managers, and request that the investment managers review and confirm whether their approach is in alignment with the Trustee's policies.

Before appointment of a new investment manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for, example if the Plan invests in a collective vehicle, then the Trustee will express their expectation to the investment managers by other means (such as through a side letter, in writing, or verbally at Trustee meetings).

The Trustee believes that having appropriate governing documentation, setting clear expectations to the investment managers by other means (where necessary), and regular monitoring of investment managers' performance and investment strategy, is in most casessufficient to incentivise the investment managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial performance.

Where investment managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the manager but could ultimately replace the investment manager where this is deemed necessary.

There is typically no set duration for arrangements with investment managers, although the continued appointment for investment managers will be reviewed periodically, and at least every three years.

Appendix 1 Statement of Investment Principles

Monitoring of Investment Manager Costs

The Trustee is aware of the importance of monitoring the investment managers' total costs and the impact these costs can have on the overall value of the Plan's assets. The Trustee recognises that in addition to annual management charges, there are other costs incurred by investment managers that can increase the overall cost incurred by their investments.

The Trustee receives annual cost transparency reports from their adviser in conjunction with ClearGlass, whom the Trustees have engaged with to collect Plan information. These reports present information in line with prevailing regulatory requirements for investment managers and allows the Trustee to understand exactly what they are paying to their investment managers. They clearly set out on an itemised basis:

- The total amount of investment costs incurred by the Plan;
- The fees paid to the investment managers appointed by the Trustee;
- The amount of portfolio turnover costs (transaction costs) incurred by investment managers;
- Any charges incurred through the use of pooled funds (custody, admin, audit fees etc)
- The impact of costs on the investment return achieved by the Plan.

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers' fund holdings change over a year. The Trustee acknowledges 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. In the context of the Plan's investment arrangements, which include "Buy & Maintain" credit strategies, the expected level of portfolio turnover is low, given that the assets held withinthese mandates are designed to be held to maturity.

The investment managers monitor the level of portfolio turnover (defined broadly as the amount of purchases plus sales). The Plan's investment consultant monitors this on behalfof the Trustee as part of the manager monitoring they provide to the Trustee and flags to the Trustee where there are concerns.

Evaluation of Investment Manager Performance and Remuneration

The Trustee assesses the (net of all costs) performance of their investment managers on arolling three-year basis against the specific Fund's investment objectives.

INVESTMENT ADVISORS

Aon has been selected as investment adviser to the Trustee. It has a mandate to provide the Trustee with a full service designed to ensure that the Trustee is fully briefed on the decisions it needs to take itself and those it needs to delegate. Aon also provides advice on the decision-making structure. To ensure that the Trustee receives all the services required, Aon are paid on a time-cost basis for regular work. Additional project-based work is provided on an agreed fee basis which are negotiated and budgeted for separately

Appendix 1 Statement of Investment Principles

Schedule 1 – Fund Managers

The fund manager structure and investment objectives for each fund manager ("mandates") are as follows:

<table>
<tr>
<td rowspan="3">Legal & General ('LGIM')

Equities: Multi-Factor

Global equity portfolio, mandated to perform in line with the SciBeta Developed High-Factor-Intensity Multi- Beta (vol, val, mom, pro/inv) Maximum Deconcentration index.

50% of the allocation is invested in the GBP hedged fund.

Corporate Bonds

To meet a percentage of the Plan’s cashflows over the medium term.

Liability Driven Investment

Investment in a portfolio of leveraged and non-leveraged fixed and inflation linked gilts determined appropriately to match the duration, nature and the cashflow profile of the Plan's liabilities.

Cash/Liquidity

To maximise income in a way consistent with the preservation of principal and liquidity by the maintenance of a portfolio of high quality short-term “money market” instruments, with a fixed benchmark of 7 Day LIBID.</td>
<td>Insight

Asset Backed Securities: Global ABSFund

Global ABS fund, mandated to perform in line with 3 Month LIBOR.

3 month LIBOR + 2% p.a. (gross of fees) for Trustee's monitoring purposes.</td>
</tr>
<tr>
<td>Bridgewater

Risk Parity Fund

To outperform cash plus 6.5% per annum (gross of fees).</td>
</tr>
<tr>
<td>Scottish Widows

Annuity policies

To meet the liability cashflows for the insured pensioner liabilities as they fall due.</td>
</tr>
</table>

A working balance of cash is held to manage the payment of benefits and expenses. Under normal circumstances, it is not the Trustee's intention to hold a significant cash balance, and this is carefully monitored on an ongoing basis.