Capita

Monsanto Pension Plan

Plan Registration Number: 10165407

Trustee’s Annual Report and Financial Statements
Year Ended 31 December 2020

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) J F Miller (Retired 31 December 2020) P McKenna C Nelson (member nominated) (Retired 31 March 2021) S Bennie-Coulson J Smith (member nominated) (Ceased to be a Trustee 23 October 2020) M O'Mahony (member nominated) A Upfold (member nominated) (Appointed 01 January 2021) S Burrows (member nominated) (Appointed 01 January 2021)
Directors of ITS Limited	J Tinn (independent) ITS Limited (Chair)
Sponsoring Employer:	Pharmacia Limited

Independent Advisers

Plan Actuary:	Mr Charles Pepper
Administrator:	Capita Employee Solutions
Legal Adviser:	Eversheds Sutherland
Auditor:	KPMG LLP
Investment Consultant:	AON
Investment Managers:	Legal & General Assurance (Pensions Management) Limited Longview Partners LLP Bridgewater Associates LP Insight Investment Management (Global) Limited
Bulk Annuity Provider:	Scottish Widows
Annuity Provider:	UNUM
Custodian:	Northern Trust Limited

Trustee, Sponsoring Employer and Advisers

AVC Investment Managers:	AEGON (formally BlackRock Investment Management (UK) Ltd.)
	Clerical Medical Investment Group Limited
	Utmost
Bankers:	National Westminster Bank plc

Trustee's Report

The Trustee of the Monsanto Pension Plan has 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 2020.

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 2017. The Actuary in his report has advised that there was a funding surplus of £15 million as at 31 December 2017. The triennial valuation of the Scheme as at 31 December 2020 is currently underway.

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.

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.

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.

Trustee's Report

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).

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

In accordance with the Trust Deed and Rules the power of appointment and removal of the Trustee Directors rests with "The Company", except for the four Member Nominated Trustee Directors who are appointed by the membership.

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

Subsequent to the year end the Company gave notice to the Trustee Directors of MPP Trustee Limited that they wished to appoint a sole independent Trustee and remove MPP Trustee Limited as Trustee. With effect from 1 April 2021 ITS Limited were appointed as sole Trustee to the Plan.

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 to the Plan

There were no changes to the Plan during the year.

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.

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	**3,000,000**
Benefits paid and other expenses	**(29,558,057)**
Net withdrawals from dealings with members	**(26,558,057)**
Net returns on investments	**48,047,541**
Net assets at start of year	531,494,112
Net assets at end of year	**552,983,596**

Trustee's Report

Plan Membership

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

	31-Dec-20	31-Dec-19
Deferred members	**1,376**	1,506
Pensioners	**2,372**	2,422
	3,748	3,928
Deferred members		
Deferred members at start of year as previously reported	**1,506**	1,604
Adjustments*	**(21)**	(15)
Deferred members at start of year restated	**1,485**	1,589
Less: Deaths	**(9)**	(2)
Transfers-out	**(27)**	(10)
Retirements	**(53)**	(53)
Trivial commutations	**(20)**	(18)
Deferred members at end of year	**1,376**	1,506
Pensioners		
Pensioners at start of year as previously reported	**2,422**	2,473
Adjustments*	**12**	5
Pensioners at start of year restated	**2,434**	2,478
Plus: New pensioners and spouses	**104**	93
Reinstated Pensions	**7**	4
Less: Deaths	**(146)**	(135)
Suspended	**(11)**	(4)
Status Reclassification **	**-**	(14)
Pensioner Status Reclassification ***	**(16)**	-
Pensioners at end of year	**2,372**	2,422

* 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 765 pensioner annuitants at the year end (2019: 778).

Trustee's Report

Pension Increases

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

An increase of 3% 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:

2021 increase: Searle CPI (based on September 2019 CPI) to max 5% - 0.5% increase to be applied

2020 increase: Searle CPI (based on September 2018 CPI) to max 5% - 1.7% increase applied

2021 increase: Kelco CPI (based on September 2019 CPI) to max 5% - 0.5% increase to be applied

2020 increase: Kelco CPI (based on September 2018 CPI) to max 5% - 1.7% increase applied

Trustee's Report

Statement of Trustee's Responsibilities in respect of contributions

The Plan's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised 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 Plan's Trustee is also responsible for keeping records of contributions received and for monitoring that contributions are made to the Plan in accordance with the Schedule.

Trustee's Summary of Contributions payable under the Schedule in respect of the Plan year ended 31 December 2020

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 2020.

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	**3,000,000**
Contributions payable under the Schedule		**3,000,000**
(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 2020.

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

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 continue 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 2020 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 2020. Any changes to the Plan's strategy have been supplemented with a revised SIP.

Employer-related investments

As at the 31 December 2020, the Plan held investments in Pfizer totalling 0% (2019: 0%).

Trustee’s Report

Investment Strategy

As at 31 December 2020, the Plan's benchmark allocation was as follows:

Benchmark	% (excluding annuities)
Equities	**12.5%**
Global unconstrained	7.5%
Global passive – RAFI & Low Volatility	5.0%
Alternatives	**12.5%**
Property	7.5%
Absolute Return*	5.0%
Bonds	**75%**
Corporate Bonds	40%
Liability Driven investment	35%
Cash	**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) increased from £525.4m to £540.3m during the year ending 31 December 2020.

The change in market value of the Plan's investments includes the two annuity policies with Scottish Widows. As at 31 December 2020 the value of the annuity policies was £174.3m (2019: £171.9m).

Over periods of one, three and five years to 31 December 2020, 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	10.1%	6.8%	8.14%
Benchmark	13.2%	8.5%	9.54%
Difference	-3.1%	-1.7%	-1.4%

Trustee's Report

Review of investment performance (continued)

Equity Portfolio

Longview Partners, the Plan's global unconstrained equity manager, was funded in March 2013. Over September and October 2016, the Plan transferred 50% of the Longview global equity holdings from the unhedged currency share class to the currency hedged share class. This was to lock-in some gains following the result of the EU Referendum and the subsequent depreciation of the GBP. Subsequently, the Plan removed the tactical currency hedge in December 2018. This decision was made to mitigate against a bad Brexit outcome and the potential depreciation of the GBP. The currency un-hedged position remained in place as at 31 December 2020. Over the year to 31 December 2020, the Fund returned -1.6% and underperformed its benchmark by -13.9%. Since inception in March 2013, the fund has returned 12.2% p.a. outperforming it's benchmark of 10.7% p.a. by 1.5% p.a.

The LGIM Alternative indexation Equity Funds: the LGIM FTSE RAFI All World 3000 Equity Index Fund – GBP Hedged and the MSCI World Minimum Volatility Index Fund were both funded in July 2015. In December 2018, the Plan removed the currency hedging on the LGIM RAFI 3000 fund – again as a risk mitigation decision against the potential depreciation of the GBP from a bad Brexit outcome. The currency un-hedged position remained in place as at 31 December 2020.

The LGIM FTSE RAFI All World 3000 Equity Index Fund returned 1.1% over the year, matching its benchmark return. The LGIM MSCI World Minimum Vol Index Fund returned -1.2% over the year, underperforming its benchmark by -0.1%.

Bond Portfolio

Over the year to 31 December 2020, the buy and maintain credit portfolio delivered a return of 5.3%.

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 2020, the Plan's LDI funds have returned 23% against benchmark performance of 24.8%.

LGIM's segregated index-linked gilts fund has returned 13.3% over the year to 31 December 2020, matching the benchmark return.

Alternatives

The Plan's absolute return manager, Bridgewater, returned 8.1% over the one-year period to 31 December 2020, returning 1.5% above its target of 6.6%. Since inception, in May 2015, the fund has returned 3.9% p.a., outperforming its LIBOR based benchmark but behind its target of 6.7% p.a.

The Plan appointed Insight Investment Management's Global Asset Backed Securities Fund on 23 August 2019. Over 1 year to 31 December 2020, the Fund returned -1.7%, 4.0% behind its LIBOR + 1.675% target. From inception to 31 December 2020, the Fund returned -0.6%. This was behind its benchmark of 3-month LIBOR and also behind its target of 2.4%.

Trustee's Report

Cash

The Plan's cash holding in LGIM's Sterling Liquidity Fund returned 0.2% over the year to 31 December 2020, tracking its benchmark.

Changes to Investments

- During Q1 of 2020, the Trustee agreed to re-leverage the liability matching portfolio in order to release cash to fund ongoing cashflow and restore the £5m cash buffer, partially reversing the de-leveraging that took place in Q4 2019. The Plan sold c.£10m from the 2040 segregated index-linked gilts and invested c.£3m in the 2040 leveraged index-linked gilt fund which maintained the interest and inflation hedge and c.£7m of cash was released. Overall leverage within the LDI portfolio increased from c.1.77x to c.1.90x.
- In June 2020, in order to release cash to fund ongoing cash flow, the IC agreed to a disinvestment of £2.5m from the Longview Global Equity Fund.
- In July 2020, c.£1.6m was distributed to the Sterling Liquidity Fund from LGIM's 2068 leveraged gilt fund following the breach of the lower hedging multiple limit.
- In October 2020, the IC agreed to disinvest £5m from the Longview Global Equity Fund and invest the proceeds into the LGIM Sterling Liquidity Fund.

Investment risk disclosures

Investment risks are disclosed in note 18 on pages 47 to 50.

Engagement Policy Implementation Statement

Introduction

On 6 June 2019, the Government published the Occupational Pension Plans (Investment and Disclosure) (Amendment) Regulations 2019 (the "Regulations"). The Regulations amongst other things require that the Trustee produce an annual implementation statement 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 by Trustee or on their behalf) during the Plan year and state any use of the services of a proxy voter during that year.

This document sets out the details, as outlined above. The EPIS has been prepared by the Trustee and covers the Plan year 1 January 2020 to 31 December 2020.

Plan Stewardship Policy Summary

The below summarises the Plan's stewardship policy in force over the year to 31 December 2020:

- 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.

- 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 will request information from the Plan's fund managers regarding their asset stewardship, voting, and engagement activity, and continue to monitor this on an ongoing basis.

- The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from Aon as its 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.

The full SIP can be found at this website: <https://monsanto.pensions-directory.co.uk>

Plan stewardship activity over the year

The Trustee has undertaken a range of training and has a number of regular processes in place to ensure it continues to satisfy its responsibilities as steward of Plan assets. Some of these activities are outlined below:

Trustee's Report

Training

The Trustee had a training session with its investment advisor in August 2020, which provided the Trustee with an update on the evolving regulatory requirements, the importance of stewardship activity, and appropriate consideration of Environmental, Social and Governance (ESG) factors in investment decision making.

In addition to this, the Directors of the Trustee undertake regular ongoing training as part of their Continuing Professional Development (CPD) programme; this includes training on relevant stewardship and engagement matters, and this features in ITS Limited's Responsible Investment Principles. Furthermore, ESG matters feature on every meeting agenda for the Plan.

Updating the Stewardship Policy

During the training sessions and throughout the year, the Trustee has been proactive to ensure the Plan appropriately updated the Stewardship policy in the SIP.

In line with regulatory requirements, to expand the SIP for policies such as costs transparency and incentivising managers, the Trustee also reviewed and expanded the Stewardship policy in September 2020. The updated wording in the SIP illustrates how the Trustee recognises the importance of its role as a steward of capital, as well as indicating how the Trustee would review the suitability of the Plan's investment managers and other considerations relating to voting and methods to achieve its Stewardship policy.

Activities of the Trustee's appointed investment consultant

The Trustee considers that the approach taken by its appointed investment consultant, Aon, is relevant and important. The Trustee expects that Aon will proactively monitor and report to the Trustee on matters concerning the stewardship capabilities of the Plan's appointed investment managers, alongside broader monitoring, engagement, research, and assistance to the Trustee.

Aon have established a formal Engagement Programme to identify, prioritise, and raise relevant stewardship-related items with investment managers. This enables Aon to seek clarity and rationale for particular corporate engagements, voting activity, and outcomes, and the Trustee views this as an important aspect of Aon's role as a major investment consultancy. Aon's approach to stewardship activity is set out in their 2020 UK Stewardship Code submission, which can be located here: The UK Stewardship Code 2020 - March 2021 (aon.com)

Scottish Widows

Scottish Widows are the Plan's selected bulk annuity provider. Further activity has taken place post-year end. 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 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.

Ongoing Monitoring

Quarterly review

Investment monitoring takes place on a quarterly basis with a monitoring report being provided to the Trustee by Aon. The report includes 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 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.

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 them 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, post year end, 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 to appoint a new manager with a greater focus on ESG. The selected manager was a quasi-passive global equity manager, 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

In August 2020, the Trustee received a training session from the specialist Cost Transparency team at Aon. Aon provided a brief recap of the regulatory requirements, the different costs associated with the Plan's investments and the factors impacting the magnitude of these costs.

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. The process provides a basis for the Trustee to challenge their investment managers.

Going forward, the Trustee will continue to monitor this area, including considering the appropriateness of emerging benchmark reporting for pension scheme costs. This would provide a comparison of the Plan's costs versus other pension schemes.

Voting and Engagement activity – Equity and multi-asset Funds

Longview

Over the year to 31 December 2020, the Plan was invested in one global active equity fund with Longview. Post Plan year end, a full redemption was made from the fund.

Voting

Longview has appointed Glass Lewis as its voting services provider and approves the voting policy used by Glass Lewis on an annual basis. However, voting decisions are made on a case by case basis, and Longview will vote contrary to Glass Lewis' policy as it deems necessary. Such a decision will be made collectively by the Research team and CIO, and will often follow engagement between the Research team and the company.

Over the year to 31 December 2020	Q1 2020	Q2 2020	Q3 2020	Q4 2020
% resolutions voted	100%	100%	100%	100%
% of meetings where resolutions voted against management	2%	3%	0%	11%
% resolutions abstained	0%	1%	0%	0%

Longview states that it believes companies should be managed in the interest of the shareholders and therefore it ensures clients' voting rights are used responsibly. Longview provided a number of examples of where it voted against management, including with regards to Oracle in October 2020. Longview voted against management with regards to its executive compensation and supported a shareholder proposal against management of the company regarding race and gender pay gap reporting. Whilst the shareholder resolution was not successful and the company's remuneration proposal was ratified, Longview believes that its voting activity sent a clear message to the business. Combined with ongoing engagement with Oracle, Longview believes that this allows issues to be raised and discussed on an ongoing basis.

Engagement

Longview engages with the senior management of the companies that it invests in, and concentrates on strategy, corporate responsibility, and any factors that would affect a company's ability to deliver long-term sustainable value for shareholders. It evaluates engagement with companies through ongoing dialogue with its management and incorporates these results into its own investment criteria. While Longview will put its views forward strongly in meetings, it does not consider itself an activist. If it does not believe, after lengthy discussions, that management was acting in the shareholder's best interest, it would sell the holding in order to minimise loss of shareholder value.

Trustee's Report

For example, in May 2020, Longview engaged with Compass following press speculation that the company was to issue equity through a share sale. Longview expressed its opinion that it would prefer the company raised additional capital through a credit facility or debt in order to ensure clients' investments were not unnecessarily diluted. The engagement was completed through written correspondence. While the company did then announce that it was raising £2bn of equity, Longview stated that, though it believes Compass could have avoided the equity issuance, it sees the rationale of raising additional capital and appreciates Compass's argument against raising more debt. Longview still believes that there remains upside given the company's fair value.

LGIM

Over the year to 31 December 2020, the Plan was invested in two global passive equity funds with this manager:

- MSCI World Minimum Volatility Index Fund
- FTSE RAFI All World 3000 Equity Index Fund

Post year end, full redemptions were made from both of these funds.

Voting

All voting decisions are made by LGIM's Investment Stewardship team in accordance with their 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. This ensures its stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the voting decision process, thereby sending consistent messages to companies.

LGIM's Investment Stewardship team uses Institutional Shareholder Services (ISS) 'Proxy Exchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and do not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

To ensure that LGIM's proxy provider votes in accordance with its position on ESG it has put in place a custom voting policy with specific voting instructions. These apply to all markets globally and seek to uphold what they consider are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on the custom voting policy.

Trustee's Report

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pension and Lifetime Savings Association (PLSA) guidance which includes:

- High profile vote which has such a degree of controversy that there is high client and / or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

Voting activity over the year to 31 December 2020 for both funds was as follows:

Over the year to 31 December 2020	MSCI World Minimum Volatility	FTSE RAFI All World 3000 Equity
% resolutions voted	99.51%	99.58%
% of meetings where resolutions voted against management	18.05%	17.87%
% resolutions abstained	0.17%	0.39%

LGIM have advised that, in their opinion, no significant votes were made in relation to securities held by either fund over the year. This is a topic of continued liaison between the Trustee, Aon, and LGIM. Through Aon, as the Plan's appointed investment consultant, the Trustee has expressed a need for further insight as to LGIM's process for identifying and reporting any significant votes.

Engagement

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

6) Reporting to stakeholders on activity.

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's top five engagement topics with companies are on climate change, remuneration, diversity, board composition and strategy. Over 2019 LGIM engaged with 493 companies and took public stances against 11 companies named under its climate pledge as well as participating in close to 30 engagements with regulators and policymakers to improve standards globally.

Engagement activity – Multi-Asset and Fixed Income

The Plan invests in fixed income funds such as absolute return and corporate bonds as well as alternative asset classes such as asset backed securities through:

- Insight Global ABS Fund
- Bridgewater All Weather Fund
- LGIM Buy and Maintain Fund

Whilst no voting rights are applicable to non-equity mandates, the Trustee recognises that debt investors have significant capacity for engagement with issuers of debt. Debt financing is continuous, whilst equity issuance takes place rarely: there is therefore a vested interest on the part of debt issuers to ensure that institutional investors are satisfied with the issuer's strategic direction and policies; whilst upside potential is naturally limited, downside risk mitigation and credit quality is a critical part of investment decision-making. Likewise, whilst there is minimal capability for LGIM as the Plan's appointed LDI manager to engage with the UK Government, the Trustee expects that LGIM will assess relevant matters, proactively monitor risk and exposures, and engage with counterparty banks within the Plan's LDI mandate. LGIM have confirmed that counterparty credit risk management is a core aspect of its portfolio construction activity.

LGIM

LGIM provided detailed information relating to its stewardship and engagement process in its fixed income portfolio construction, along with Plan-specific metrics relating to carbon exposure.

LGIM have established proprietary ESG scoring, which is used in their engagements. ESG is integrated into LGIM's credit research and issuer selection process alongside with other business and financial risks. For example, there is a greater emphasis upon 'E' factors when evaluating Oil & Gas issuers or electricity generators due to the carbon intensity of these sectors.

Their ESG View is used to assist in the process of bond selection by highlighting key ESG issues which are overlaid onto the fundamental assessment carried by the analysts. These metrics have been designed with direct input by sector analysts and LGIM look to improve this over time.

LGIM have also developed a 'house view' about issues which they believe are likely to prove decisive in shaping global markets over the decades to come. Building on their previous work on board diversity, corporate tax, living wage, and climate change, LGIM have now established the Global Research and Engagement Platform which consists of six groups: Industrials, Healthcare, Financial, Technology Media Telecoms (TMT), Consumer, and Energy/Utilities. The output from the platform allows the manager to collectively set goals and targets at a company level with one voice, whilst supporting and guiding LGIM's investment decisions across the capital structure.

Currently, climate factors are considered as part of LGIM's wider integrated ESG assessment as part of the credit research process. The degree to which these climate factors may be material will vary across sectors.

LGIM's engagement in practice

Climate change has been a consistent priority for LGIM during engagements and in 2017, 2018, and 2019 was one of the manager's top three most frequently discussed engagement topics. As part of climate change-related engagements, LGIM strongly encourage portfolio companies to report in line with the TCFD recommendations and to be transparent about risks and opportunities, to allow them to make informed investment decisions.

LGIM have committed to engage with the world's largest companies in six sectors key to the low-carbon transition: oil and gas, mining, electric utilities, autos, food retail and financials.

The companies targeted are scored on c. 170 indicators based on their articulation of risk and opportunities, the level of transparency, the robustness of their governance, the strength of their strategies in pursuing new opportunities, the record of controversial incidents and how they lobby the governments on climate regulations. All companies are contacted directly to discuss areas of improvement with constructive feedback based on their current disclosures. The aim of engagement is to help companies in key industries embrace and succeed in the transition to a low-carbon world, which in turn protects investor assets, such as the Plan's, from transition and physical risks. The leaders in each sector are celebrated in their "name and fame" programme, to highlight how it is possible to create climate solutions in every industry.

LGIM's engagements also go beyond LGIM-led initiatives. The manager often collaborates with other investors - through networks like the PRI - and they are a part of the Climate Action 100+ initiative, which gathers over $39 trillion of assets under management to push collectively for climate action from investee companies and policy-makers.

LGIM's engagement and Monsanto Pension Plan's portfolio

SSE PLC is a partially regulated electric utility company and therefore is exposed to market impacts of environmental regulation, whilst also not receiving the benefit of cost recovery from rate payers. LGIM's ESG assessment of the issuer highlights a low percentage of green revenue - which measures the percentage of energy generation capacity from renewable technology – and this is a key contributor to a weaker than average environmental score within the peer group.

In 2019, SSE generated 66% and 2% of electricity from gas/oil and coal respectively, and therefore we believe the company has a high degree of exposure to risks associated with the transition to a low carbon economy. Given measures taken by the UK government (intent to close all coal-fired plants by 2025 plus a cap on carbon dioxide emissions) and the EU, LGIM believe it is important to have a credible plan to de-carbonise the asset portfolio and move towards alignment with Paris Agreement on climate change. This was a topic of engagement with SSE.

SSE have now announced revised Science Based Targets, to cut emissions aggressively. This includes plans to reduce scope 1 greenhouse gases by 60% to 120 grams of CO2 equivalent per kilowatt-hour by 2030, from 300g CO2e/kWh in 2018. The company's previous target envisaged a 50% reduction to 150g CO2e/kWh. As part of the low-carbon investment plan, SSE PLC announced that it is investing over £7bn in major low-carbon construction projects including the 443-MW Viking Wind Farm in the Shetland Islands, off Scotland, which the company believe will be the largest onshore wind farm in the U.K. in terms of annual electricity output.

Trustee's Report

Overall, LGIM believe the increased focus on renewables, particularly through wind generation will help to reduce business risk in the future and improves our ESG outlook for the issuer. LGIM also believe the company has a credible de-leveraging plan via the disposal of non-core assets. This combination of positive ESG momentum and de-leveraging meant LGIM were comfortable to add exposure to the issuer across its Buy and Maintain portfolios (making up 0.73% of Monsanto's portfolio as of 31 December 2020).

LGIM Engagement example – Deforestation (Firm level)

In 2020, following steps by the Brazilian government to loosen environmental protections, LGIM joined a new investor coalition to lobby the Brazilian government directly to take steps to halt deforestation in the country. The objective of this engagement was to halt deforestation in biodiversity hotspots and systematically important biomes such as rainforest in the Amazon and the Southeast Asia as these are the key component of global decarbonisation efforts. Investor coalition sent letters to a number of Brazilian embassies in Europe. Subsequently, video conference was scheduled with Vice president, governor of central bank, foreign minister, minister for the environment, minister for agriculture. During this conversation, the investor group called on the government to commit to achieving a significant reduction in deforestation, and to ensure that existing environmental legislation is indeed enforced.

In response to these engagements, Brazilian government announced a moratorium on setting fires in the Amazon, and the investor group had a follow-up conversation with several members of Congress. However, data released in July shows that rate of deforestation in the Amazon is sadly continuing to increase.

LGIM will be watching developments closely and will continue to engage with the food companies in the portfolio with exposure to soy and cattle in Brazil, to encourage them to root out deforestation from supply chain.

Going forward, the remit of the investor group will expand to focus lobbying efforts in Southeast Asia too.

Bridgewater

Bridgewater's All-Weather strategy includes a portion of equity investments, on which votes are routinely cast. Bridgewater generally subscribes to the proxy voting policy adopted by Glass Lewis but reserves the right to direct that Glass Lewis vote in a manner that is contrary to such policy where appropriate, or as specifically directed by a client for its own account. From time to time, Bridgewater may determine that it is in their clients' best interest to refrain from voting a proxy. For example, Bridgewater may decline to vote if the expected costs associated with voting exceed the expected benefit or where voting would prevent Bridgewater from selling the security for a specified period of time.

As a systematic manager, the Trustee notes that Bridgewater does not engage with individual companies, and therefore has not shared individual engagement examples – instead, its portfolio management team will determine the long-term outlook for a particular investment and whether its continued holding is justified. Bridgewater's approach to understanding and managing ESG risks (including different climate-related scenarios) is to start with a fundamental understanding of what drives markets and to ensure that the portfolio remains diversified and not overly exposed to any one source of risk (the All Weather portfolio *holds* assets across 50+ different markets). Bridgwater's fundamental understanding of markets starts with the recognition that at the asset class level (i.e., not just individual companies, but broad asset indices) there are three primary drivers of assets returns: shifts in growth expectations, shifts in inflation expectations, and shifts in investors preference for cash versus assets. ESG-related drivers are a set of factors among that can cause growth, inflation, and investor's preference for the safety of cash to shift.

Bridgewater intend for the All-Weather portfolio to be immunized to shifting growth and inflation expectations, whether those shifts occur for reasons related to ESG or not.

For any significant ESG risks that Bridgewater perceive, they take their understanding of that risk and stress test the portfolio to ensure it remains diversified against this risk, and, if necessary, adapt their systems/logic to ensure that they are. This approach extends beyond just ESG risks. Bridgewater believe that one of the benefits of being systematic in their approach is that every element of their investment process has survived rigorous stress-testing in this way.

As a firm, it contributes its research and perspectives on sustainable investing to the broader public dialogue via external publications, conference series, participation in industry surveys, and furthering their partnerships with practitioners, academics, and data providers. It also has longstanding, research-oriented collaborations with its clients, including on topics such as sustainable portfolio construction along return, risk, and impact dimensions, macro ESG themes impacting economies and markets, climate change portfolio stress testing, and sustainability data evaluation.

Having reviewed Bridgewater's approach and activities, the Trustee has discussed this with Aon, and via Aon continues to engage with Bridgewater to encourage further engagement and demonstration of activity. The Trustee will monitor this closely.

Insight

Insight's engagement priorities will depend on a variety of factors and can include portfolio position, materiality of issue and company access. The manager believes that ESG issues are important drivers of investment value over the short and long term, and that taking account of these issues in investment research and decision-making is essential to effectively identify and manage the risks that could harm their clients' investments and the opportunities that may arise from these issues.

In 2019, Insight conducted 1,151 engagements, of which 82% incorporated discussions of ESG issues; this represents an increase from 54% of 1,311 engagements in 2018.

Portfolio example – sale of KKR Collateralised Loan Obligation (CLO)

Insight noted their concern regarding the issuer's poor government record in two areas: abuses of documentation and poor management of conflicts of interest. In several deals historically, the issuer was seen to be manipulating the par coverage test to prevent cash from being diverted to the senior note holders. They were able to do this due to weak documentation. Following engagement with the issuer the document loophole was closed in all future issues.

As KKR as a private equity firm they have many equity stakes in companies where loan finance is typical. These loans are eligible investments within KKR managed CLOs. We were concerned about potential conflicts of interest where the interest of the senior note holders can be at odds with the interests of the equity investors. We requested that investment in KKR originated loans be limited, and ultimately decided (September 2020) to sell these issues.

Engagement example – Climate Action 100+

Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. Insight is supporting engagement with Enel and BHP as part of its monitoring of climate-reductions strategies. Engaging with both issuers since inception, there has been noticeable improvement in their communication and leadership. In the case of Enel, they issued the market's first sustainability-linked bond. Both companies made additional commitments regarding their management of coal-related business practices.

In summary

Based on the activity over the year by the Trustee and its service providers, the Trustee is of the opinion that the stewardship policy has been implemented effectively in practice. The Trustee note that most of its applicable asset managers were able to disclose strong 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.

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 21 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 try 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 Employee Solutions 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

The Money and Pensions Service ("MaPS")

The Money and Pensions Service (MaPS) brings together three respected financial guidance bodies: 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.

MaPS may be contacted at 120 Holborn, London, EC1N 2TD

Telephone: 0115 965 9570

Email: contact@maps.org.uk

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 audited financial statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Plan members, beneficiaries and certain other parties, audited financial statements for each Plan year which:

- 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 the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for:

- assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it either intends to wind up Plan, or has no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Plan prescribed by pensions legislation, which it should ensure is fair and impartial.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's summary of contributions.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities.

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 2017. This showed that on that date:

The value of the Technical Provisions was:	£518.5 million
The value of the assets at that date was:	£533.4 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 + 0.80% 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

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:

The period before and after retirement, standard S2NMA year of birth tables with a scaling factor of 72% for males with pension over £20,000 per annum; 98% for males with pension under £20,000 per annum and 93% for females. Future mortality improvements assumed in line with the CMI 2017 Core Projection Model with a long term trend of 1.5% p.a.

The triennial valuation of the Plan as at 31 December 2020 is currently underway.

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 Employee Solutions
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:
28DBDEB00F8A41C...

July 27, 2021

DocuSigned by:
343A343282F5434...

Date: July 27, 2021

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, on 31 December 2017, can be expected to continue to be met for the period for which the schedule is to be in force.

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 2018.

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 CASPepper

Date 4 December 2018

Name: Charles Pepper

Qualification: FIA

Address: 51 Lime Street
London EC3M 7DQ

Name of Employer:

Towers Watson Ltd,
a Willis Towers Watson company

Authorised and regulated by the Financial Conduct Authority.

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

Statement about contributions

We have examined the summary of contributions payable under the Schedule of Contributions to the Monsanto Pension Plan in respect of the Plan year ended 31 December 2020 which is set out on page 8.

In our opinion contributions for the Plan year ended 31 December 2020 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the actuary on 4 December 2018.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the 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 Trustee and Auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 8, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active members of the Plan 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 to the Plan and to report our opinion to you.

The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the Plan's Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to it 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, for our work, for this statement, or for the opinions we have formed.

G. Broom

Gemma Broom for and on behalf of KPMG LLP, Statutory Auditor 27 July 2021

Chartered Accountants

2 Forbury Place

33 Forbury Road

Reading

RG1 3AD

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 2020 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in note 3.

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 2020 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 UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- contain the information specified in 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Plan in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Plan, and as it has concluded that the Plan's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Plan and analysed how those risks might affect the Plan's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Plan will continue in operation.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee, as to the Plan's high-level policies and procedures to prevent and detect fraud as well as enquiring whether it has knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board and Governance Committee meeting minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Trustee (or its delegates including Plan Administrator) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as valuation of the annuity policies. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Plan wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee (as required by auditing standards) and discussed with the Trustee the policies and procedures regarding compliance with laws and regulations.

As the Plan is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Plan's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

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

Fraud and breaches of laws and regulations – ability to detect (continued)

Firstly, the Plan is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Plan is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Plan's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation recognising the financial and regulated nature of the Plan's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and their delegates and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedule of Contributions in our Statement about Contributions on page 31 of the annual report.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustee is responsible for the other information, which comprises the Trustee's report (including the Report on actuarial liabilities, the Summary of Contributions and the Implementation statement), the Actuarial certification of the Schedule of Contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

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

Trustee's responsibilities

As explained more fully in its statement set out on page 27, the Plan Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 it either intends to wind up the Plan, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at

www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Plan Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Plan Trustee those matters we are required to state to it 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 Trustee, for our audit work, for this report, or for the opinions we have formed.

Gemma Broom for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

2 Forbury Place

33 Forbury Road

Reading

RG1 3AD

27 July 2021

Fund Account for the year ended 31 December 2020

	Note	2020	2019
Contributions and benefits		**£**	**£**
Employer Contributions	4	**3,000,000**	-
Other income	5	**-**	143,634
		3,000,000	143,634
Benefits paid or payable	6	**(20,510,132)**	(20,118,457)
Payments to and on account of leavers	7	**(7,435,932)**	(533,177)
Other payments	8	**-**	(36,376)
Administrative expenses	9	**(1,611,993)**	(1,231,631)
		(29,558,057)	(21,919,641)
Net withdrawals from dealings with Members		**(26,558,057)**	(21,776,007)
Returns on investments			
Investment income	10	**15,562,873**	15,071,750
Change in market value of investments	11	**32,898,479**	39,654,375
Investment management expenses	12	**(413,811)**	(669,173)
Net returns on investments		**48,047,541**	54,056,952
Net increase in the fund during the year		**21,489,484**	32,280,945
Net assets of the Plan at 1 January		531,494,112	499,213,167
Net assets of the Plan at 31 December		**552,983,596**	531,494,112

The notes on pages 38 to 52 form an integral part of these financial statements.

Statement of Net Assets available for benefits

As at 31 December 2020

	Note	2020	2019
		£	£
Investment assets:	11		
Bonds		**202,400,413**	203,095,558
Pooled investment vehicles	13	**157,890,459**	145,062,421
Derivatives	14	**4,015,573**	3,150,970
Insurance policies	15	**178,120,000**	171,908,000
AVC investments	16	**1,628,829**	2,300,780
Cash		**616,595**	564,082
Other Investment balances		**706,269**	1,763,789
		545,378,138	527,845,600
Investment liabilities:			
Derivatives	14	**(229)**	(126,164)
Total net investments		**545,377,909**	527,719,436
Current assets	20	**8,465,750**	4,724,689
Current liabilities	21	**(860,063)**	(950,013)
Net assets of the Plan at 31 December		**552,983,596**	531,494,112

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 28 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 38 to 52 form an integral part of these financial statements.

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

DocuSigned by:
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Director, ITS Limited **Date** July 27, 2021

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 Trustee believes 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. In reaching this conclusion, the Trustee considered the impact of the COVID-19 outbreak on the Plan and on the sponsoring employer, Pharmacia Limited.

As per the last triennial actuarial valuation as at 31 December 2017, the Plan had a surplus of £15million. As there were sufficient assets to cover the Plan's liabilities at the valuation date, no recovery plan is required and no employer's contribution are required. There are no active members and hence, no employee contributions received.

Using the Trustee's approximate funding tracking tool, the latest update shows the funding level as at 31 December 2020 to be approximately 99%.

The Employer operates in the Pharmaceutical sector. The Trustee has made inquiries with the employer regarding the likely financial and operational impact that the COVID-19 pandemic will have on the company. In its assessment, the employer's performance has not been materially affected by the COVID-19 outbreak.

On this basis, whilst the impact of the COVID-19 outbreak cannot be accurately predicted, the Trustee considers that the Plan will nevertheless continue to operate, and therefore believes that it remains appropriate to prepare the financial statements on a going concern basis.

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.

Notes to the Financial Statements

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 members 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.

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.

Notes to the Financial Statements

3. Accounting Policies (continued)

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.

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 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.

Notes to the Financial Statements

4. Contributions receivable

	2020	2019
	£	£
Employer contributions - special	**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 2020.

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

5. Other income

	2020	2019
	£	£
HMRC financial reconciliation re GMP	**-**	143,634

6. Benefits paid or payable

	2020 £	2019 £
Pensions	**17,666,277**	17,443,078
Commutations and lump sum retirement benefits	**2,814,041**	2,632,821
Purchases of annuities	**-**	13,808
Lump sum death benefits	**2,722**	18,275
Taxation where lifetime or annual allowance exceeded	**27,092**	10,475
	20,510,132	20,118,457

7. Payments to and on account of leavers

	2020 £	2019 £
Individual transfers to other schemes	**7,412,983**	533,177
AVCs transfers out	**22,949**	-
	7,435,932	533,177

8. Other payments

	2020 £	2019 £
CEP Refunds	**-**	36,376

Notes to the Financial Statements

9. Administrative expenses

	2020 £	2019 £
Audit fees	**29,356**	27,555
Legal & professional fees	**193,263**	104,380
Actuarial fees	**679,390**	430,270
Other professional fees	**220,253**	191,844
Trustee fees	**29,740**	41,927
Bank charges	**6**	6
Investment consulting fees	**434,259**	410,309
PPF levy	**25,726**	25,340
	1,611,993	1,231,631

10. Investment income

	2020 £	2019 £
Interest on cash deposits	**12,113**	23,537
Bonds	**4,813,959**	4,914,683
Pooled investment vehicles	**395,152**	147,799
Annuity income	**10,126,886**	9,853,235
Swaps income	**214,763**	132,496
	15,562,873	15,071,750

11. Investment assets

Market value reconciliation

	Market value at 1 January 2020 £	Purchases at cost and derivative payments £	Sales proceeds and derivative receipts £	Change in market value £	Market value at 31 December 2020 £
Bonds	203,095,558	**3,235,649**	**(12,927,526)**	**8,996,732**	**202,400,413**
Pooled investment vehicles	145,062,421	**49,225,889**	**(51,697,115)**	**15,299,264**	**157,890,459**
Derivatives	3,024,806	**3,908,473**	**(7,628,977)**	**4,711,042**	**4,015,344**
Insurance policies	171,908,000	**2,425,000**	**-**	**3,787,000**	**178,120,000**
AVC investments	2,300,780	**834,242**	**(1,610,634)**	**104,441**	**1,628,829**
	525,391,565	**59,629,253**	**(73,864,252)**	**32,898,479**	**544,055,045**
Cash deposits	564,082				**616,595**
Other investment balances	1,763,789				**706,269**
	527,719,436				**545,377,909**

Included within sales and purchases are transfers between investment managers of £7.5m. The transfers occurred in cash / in-specie.

Notes to the Financial Statements

11. Investment assets (continued)

Other investment balances

	2020 £	2019 £
Bonds – accrued income	**1,586,246**	1,672,703
Cash – accrued income	**-**	5
Cash collateral	**(879,977)**	91,081
	706,269	1,763,789

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 12.

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.

12. Investment management expenses

	2020 £	2019 £
Administration, management and custody	**393,538**	637,261
Other investment expenses	**20,273**	31,912
	413,811	669,173

13. Pooled investment vehicles

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

	2020 £	2019 £
Equities	**69,356,473**	73,399,109
Bonds	**81,413,580**	67,107,452
Liquidity Funds	**7,120,406**	4,555,860
	157,890,459	145,062,421

Notes to the Financial Statements

14. 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 follow:

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.

	2020 **£**	**2019** **£**
Futures	**671,681**	1,102,263
Forward FX contracts	**1,325,924**	994,930
Interest rate Swaps	**2,017,739**	927,613
	4,015,344	3,024,806

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

Nature		**Economic exposure** **£**	**Expires**	**Asset Value** **£**	**Liability Value** **£**
10 Yr T-Notes - exchange traded		(6,737,610)	22-Mar-21	173,516	-
5 Yr T-Note - exchange traded		(3,124,657)	31-Mar-21	132,582	-
UL T-Bonds - exchange traded		(2,121,248)	22-Mar-21	57,196	-
US T-Bonds - exchange traded		(7,475,081)	22-Mar-21	275,616	-
US 2 Yr T-Note - exchange traded		(1,131,596)	31-Mar-21	30,692	-
5 Yr T-Note - exchange traded		(184,592)	31-Mar-21	2,308	(229)
Total	**2020**			**671,910**	**(229)**
Total	2019			1,102,263	-

Notes to the Financial Statements

14. 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	12/10/2020	GBP	4,417,447	USD	(5,749,267)	212,062	-
Forward OTC	12/10/2020	GBP	4,431,337	USD	(5,772,574)	208,904	-
Forward OTC	12/10/2020	GBP	3,977,260	USD	(5,188,009	182,415	-
Forward OTC	16/11/2020	GBP	3,693,670	USD	(4,869,077)	132,759	-
Forward OTC	16/11/2020	GBP	4,382,588	USD	(5,777,433)	157,367	-
Forward OTC	16/11/2020	GBP	3,835,670	USD	(5,063,840)	132,323	-
Forward OTC	26/11/2020	GBP	861,899	USD	(1,150,000)	20,867	-
Forward OTC	14/12/2020	GBP	5,353,438	USD	(7,193,506)	93,381	-
Forward OTC	14/12/2020	GBP	4,905,621	USD	(6,588,987)	87,602	-
Forward OTC	14/12/2020	GBP	5,747,936	USD	(7,726,358)	98,244	-
				Total	**2020**	**1,325,924**	**-**
				Total	2019	1,121,094	(126,164)

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	912,043	-
Interest rate Swaps	2	7,000,000	11-20 years	1,105,696	-
Total	**2020**			**2,017,739**	**-**
Total	2019			927,613	-

15. 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.

	2020 £	**2019 £**
Scottish Widows	**177,953,000**	171,704,000
UNUM	**167,000**	204,000
	178,120,000	171,908,000

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 2020 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

16. 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:

	2020 £	2019 £
Utmost - With profits Fund	**19,737**	198,194
Utmost - Unit linked Fund	**-**	310,825
Clerical Medical Investment Group Ltd – With profits Fund	**471,620**	550,104
Clerical Medical Investment Group Ltd – Unit linked Fund	**42,781**	35,262
Aegon - Unitised Fund	**1,094,691**	1,206,395
	1,628,829	2,300,780

17. 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 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	**706,269**	**-**	**-**	**706,269**
	1,994,545	**364,772,006**	**178,611,358**	**545,377,909**

Notes to the Financial Statements

17. Fair value determination (continued)

As at 31 December 2019	Level 1 £	Level 2 £	Level 3 £	Total £
Bonds	-	203,095,558	-	203,095,558
Pooled investment vehicles	-	145,062,421	-	145,062,421
Derivatives	1,102,263	1,922,543	-	3,024,806
Insurance policies	-	-	171,908,000	171,908,000
AVC investments	-	1,552,482	748,298	2,300,780
Cash	564,082	-	-	564,082
Other investment balances	1,763,789	-	-	1,763,789
	3,430,134	351,633,004	172,656,298	527,719,436

18. 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 by 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 11 for the Plan's investment strategy.

Notes to the Financial Statements

18. 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 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**

As at 31 December 2019	**Investment grade**	**Non-investment grade**	**Unrated**	**Total**
	£	**£**	**£**	**£**
Bonds	203,095,558	-	-	203,095,558
Pooled investment vehicles	-	-	145,062,421	145,062,421
Insurance policies	-	-	171,908,000	171,908,000
Derivatives	927,613	-	994,930	1,922,543
	204,023,171	-	317,965,351	521,988,522

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

18. 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 £88.5m (2019: £71.7m). 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:

- Longview - Investment company with variable capital (Société d'Investissement À Capital Variable "SICAV") investing in sub-funds
- Legal & General Investment Management Limited - Unit linked life insurance investing in sub-funds
- Bridgewater - Limited liability, Cayman Islands corporation
- 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

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 2020, 93.3% (2019: 89.2%) of the LGIM MSCI World Minimum Volatility Index Fund, 92.4% (2019: 91.7%) of the LGIM RAFI 3000 Equity Fund and 90.7% (2019: 89.2%) of the Longview Global Equity Fund unhedged share class were invested in overseas equity.

The Plan's holding in Bridgewater Risk Parity fund is currency hedged except for the Emerging Market equity exposure which represents a 4.4% (2019: 4.4%) exposure to currency risk.

The total currency risk for the Plan as at 31 December 2020 equates to c. £39.4m (2019: £46.0m).

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, and diversified growth 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 70% 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

18. 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.

	2020 £	2019 £
Direct		
Bonds and cash	**203,723,277**	205,423,429
Derivatives	**2,689,420**	2,029,876
Indirect		
Pooled investment vehicles	**88,533,986**	71,663,312
Insurance policies	**178,120,000**	171,908,000

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 25% 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:

	2020 £	2019 £
Indirect		
Pooled investment vehicles	**69,356,473**	73,399,109

Insurer default risk

At the year end, the Plan's exposure to investments subject to insurer default risk was £178.1m (2019: £171.91m).

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 10 and note 22 below for details of the Plan's employer-related investments.

Notes to the Financial Statements

19. Concentration of investment

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

	2020		2019	
	Market Value £	% of Net Assets	Market Value £	% of Net Assets
Scottish Widows Insurance Policy	**178,120,000**	**32.21**	171,704,000	32.34
Longview Partners Global Equity Fund	**-**	**-**	28,541,862	5.37

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

20. Current assets

	2020 £	2019 £
Cash Balances	**7,000,266**	3,278,307
Pensions paid in advance	**1,460,098**	1,442,144
Due from HMRC	**1,971**	1,971
Other Debtors	**3,415**	2,267
	8,465,750	4,724,689

21. Current liabilities

	2020 £	2019 £
Accrued Benefits	**120,982**	60,741
Accrued Pensions	**224,407**	211,715
Accrued Expenses	**512,225**	677,557
Due to Brokers	**2,449**	-
	860,063	950,013

22. Related party transactions

During the year the Plan paid pensions in respect of four Trustee Directors of the Plan. Expenses of £29,740 (2019: £41,927) were paid to these Trustee Directors. There were no outstanding amounts as at 31 December 2020 (2019: Nil). These were in accordance with the Plan Rules.

All fees due to the independent Trustee Director are met by the Company. Expenses of £104,445 were paid in 2020 (2019: £87,610).

As at the 31 December 2020, the Plan held investments in Pfizer totalling 0.0% via its investments in Longview (2019: 0.0%).

Notes to the Financial Statements

23. Contingent liabilities and contractual commitments

The Trustee board has made no firm decision 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. Therefore 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.

24. Ongoing 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.

Appendix 1 Statement of Investment Principles

Monsanto Pension Plan (the 'Plan')
Statement of Investment Principles
As at August 2020

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	**16.0**	**25.0**	**+/- 5**
Global Equities	8.0	12.5	+/- 2.5
Unconstrained	*5.0*	*7.5*	+/- 2.5
Passive	*3.0*	*5.0*	+/- 2.5
Absolute Return	3.0	5.0	+/- 5
Asset Backed Securities	5.0	7.5	+/- 2.5
Matching Assets	**84.0**	**75.0**	**+/- 5**
Liability Driven Investment	26.0	40.0	+/- 5
Gilts	*15.0*	*25.0*	+/- 5
Leveraged Gilts	*11.0*	*15.0*	+/- 5
Corporate Bonds	23.0	35.0	+/- 2.5
Annuity Policy	35.0	-	-
Cash*	0.0	0.0	

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

The Trustee has purchased two 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.

Appendix 1 Statement of Investment Principles

Funding level triggers

The Trustee and Company have agreed in principle to a de-risking trigger framework. The aim of the framework is to efficiently capture improvements in the funding level of the Plan, by reducing the investment return/risk of the Plan in a pre-agreed way, whilst still having a reasonable chance of reaching the Trustee's long-term funding targets.

The target return of the current portfolio is Gilts + 1.9%.

The table below illustrates the funding level trigger points and associated target returns as well as high level growth/matching allocation splits (excluding annuity policies):

Funding Level	Target Return	Growth	Matching
98%	Gilts + 1.2%	20%	80%
102%	Gilts + 0.8%	15%	85%
105%	Gilts + 0.6%	10%	90%

The funding level of the Plan will be calculated in line with the Trustee's self-sufficiency basis (excluding insured assets) and will be monitored against trigger points on an ongoing basis by the Plan's actuarial advisor, Willis Towers Watson (WTW).

The decision whether to action any de-risking upon hitting a trigger as well as the implementation has been delegated to the investment committee (IC). The IC will take appropriate advice from the investment and actuarial advisers in determining whether the timing of de-risking is appropriate after taking account of various factors (including market conditions).

The triggers will be reviewed annually with the first review due as at 30 September 2020.

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(s) Provider, Scottish Widows, agreed to take on 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 ongoing basis 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 of the 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.

Appendix 1 Statement of Investment Principles

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.

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 take an informed decision. The Trustee has established the following decision-making structure:

Trustee • 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.	**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 • Advises on all aspects of the investment of the Plan assets, including implementation. • Advises on this Statement of Investment Principles. • Provides required training.	**Fund Managers** • 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 statement so 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 written advice 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 BlackRock, 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 BlackRock, Clerical Medical and Equitable Life 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.

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 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.

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 investment strategy 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 cases sufficient 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 all 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 investmentmanagers;
- 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 theTrustee 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:

Legal & General ('LGIM')

Equities: RAFI
World equity portfolio, mandated to perform in line with the FTSE-RAFI All World 3000 Equity Index (developed market currency exposure, excluding Korea).

Equities: Minimum Volatility
World equity portfolio, mandated to perform in line with the MSCI World Minimum Volatility Index.

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.

Insight

Asset Backed Securities: Global ABS Fund
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.

Longview

Equities
To outperform the MSCI World Index by 3.0% to 3.5% per annum over three year rolling periods (gross of fees).

Bridgewater

Risk Parity Fund
To outperform cash plus 6.5% per annum (gross of fees).

Scottish Widows

Annuity policies
To meet the liability cashflows for the insured pensioner liabilities as they fall due.

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.