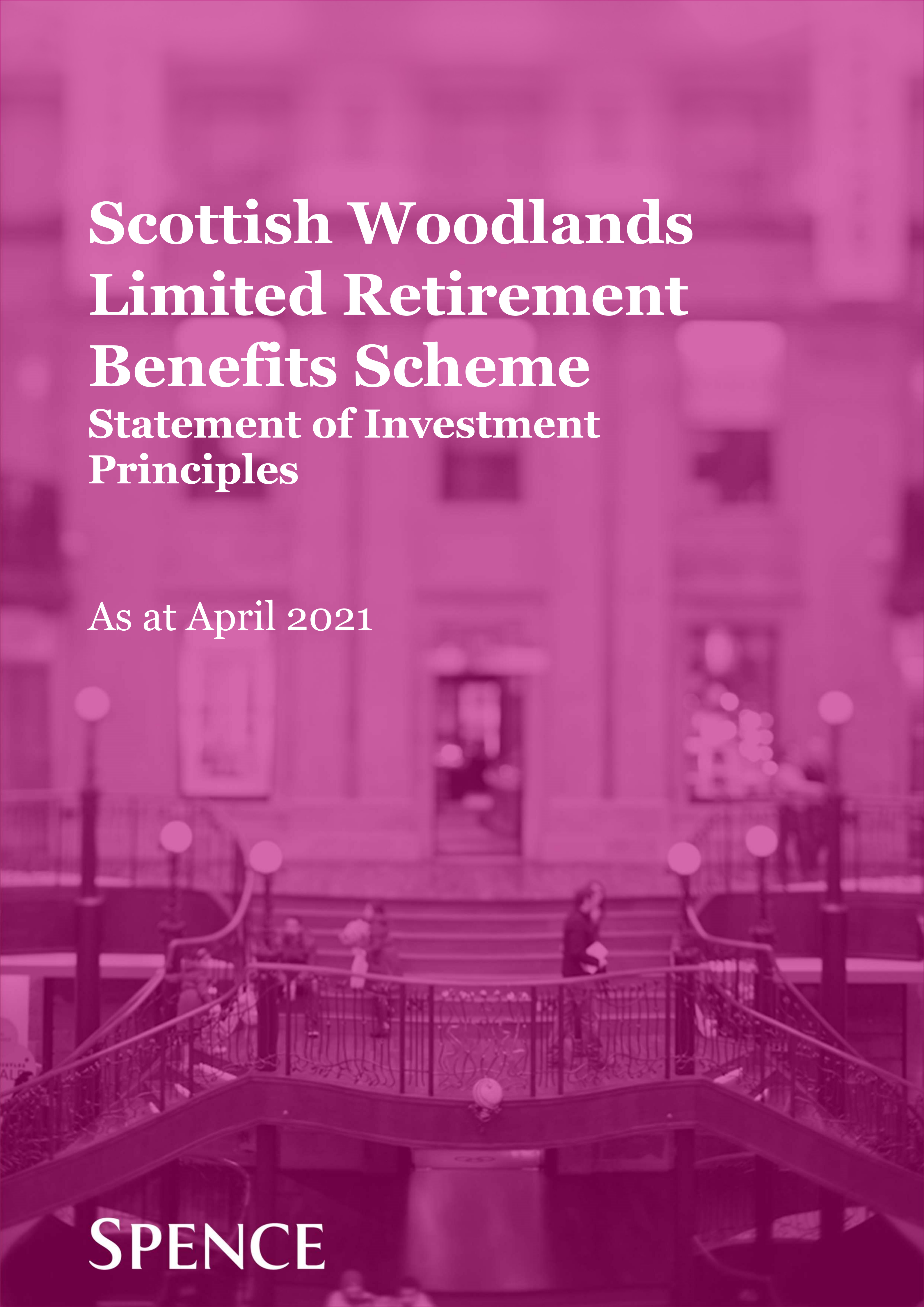


Scottish Woodlands Limited Retirement Benefits Scheme

Statement of Investment Principles

As at April 2021

SPENCE

What's inside

Introduction

This Statement of Investment Principles ("the Statement") has been prepared by the Trustee of the Scottish Woodlands Retirement Benefits Scheme ("the Scheme"). It has been prepared to comply with Section 35 of the Pensions Act 1995 as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010, and as amended by subsequent regulations.

This Statement sets down the principles governing decisions about investments for the Scheme and supersedes the previous Statement prepared by the Trustee of the Scheme ("the Trustee").

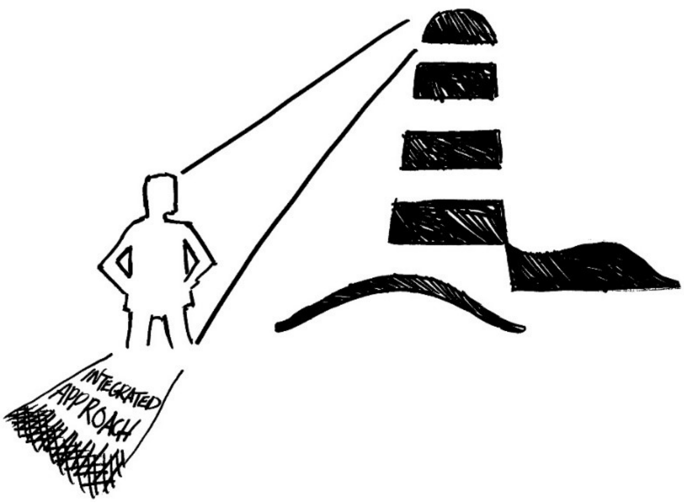
In preparing this Statement, the Trustee has:

1.	Consulted with the Principal Employer, Scottish Woodlands Limited ("the Company"), although responsibility for maintaining this Statement and setting investment policy rests solely with the Trustee.
2.	Obtained and considered written professional advice and recommendations from Spence and Partners Limited ("Spence") who are the Trustee's appointed investment consultants. Spence is authorised and regulated by the Financial Conduct Authority ("FCA"). They have confirmed to the Trustee that they have the appropriate knowledge and experience to give the advice required by the Pensions Acts.

This Statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates) and Scheme Funding legislation. The Myners principles are summarised in Appendix 2.

The Trustee will review this Statement at least every three years to coincide with the triennial actuarial valuation or other advice relating to the statutory funding requirements. If there are any significant changes in any of the areas covered by this Statement, the Trustee will review it without further delay. Any changes made will be based on written advice from a suitably qualified individual and will follow on from consultation with the Company.

The Scheme is a defined benefits plan. The Trustee's investment powers are set out in Rule 4.2 of the Rules dated 1995 and subsequent amending deeds. This Statement is consistent with those powers.

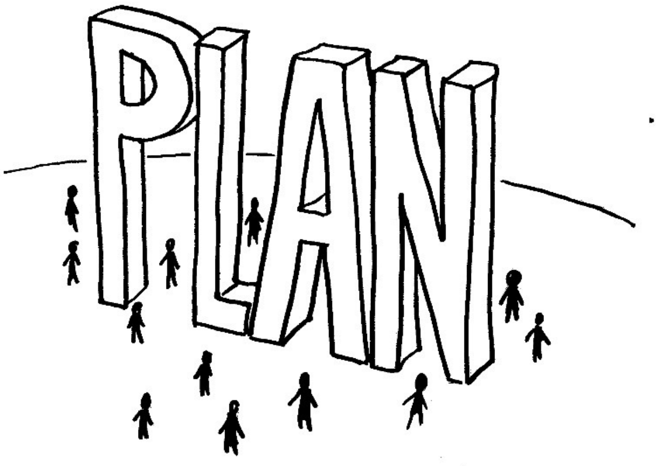


Investment Objectives

The Trustee's overall investment policy is guided by the following objectives:

1.	To ensure that the Scheme's assets and future contributions are invested in such a manner that the benefits due to members and their beneficiaries can be paid from the Scheme as they arise.
2.	To set and monitor appropriate benchmarks and performance targets for investment managers.
3.	To pay due regards to the interests of the sponsoring Employer, Scottish Woodlands Limited ("the Employer"), in relation to the payment of contributions.
4.	To fully fund the Scheme on the Technical Provisions basis as set out in the Statement of Funding Principles dated 30 October 2017 within 8 years from 31 March 2017.

The Scheme Actuary has confirmed during the process of revising the investment strategy that the investment objectives and resultant strategy are consistent with the actuarial valuation methodology and assumptions used in the statutory funding objective.



Investment Responsibilities

The Trustee

Under the legal documentation governing the Scheme, the power of investment is vested in the Trustee. Therefore, the Trustee is responsible for the setting the investment objectives and determining the strategy to achieve those objectives. It sets the overall investment target and then monitors the performance of its investment managers against the target. In doing so the Trustee considers the advice of its professional advisers, who it considers to be suitably qualified and experienced for this role.

Their duties and responsibilities include but are not limited to:

- ✓ Regular approval of this Statement and monitoring compliance with this Statement
- ✓ Appointment, removal (where applicable) and review of their investment managers or investment adviser and their performance relative to relevant benchmarks
- ✓ Assessment of the investment risks run by the Scheme
- ✓ Monitoring and review of the asset allocation

Investment Adviser’s Duties and Responsibilities

The Trustee has appointed Spence as its investment advisor. Spence provides advice when the Trustee requires it and/or when Spence feels it suitable to do so. Areas on which it can provide advice are as follows:

- ✓ Setting investment objectives
- ✓ Determining strategic asset allocation
- ✓ Determining suitable funds and investment managers
- ✓ Managing cashflow

It should be noted that the Trustee retains responsibility for all decisions.

Spence makes a fund based charge. This charge covers all investment services as defined in the Investment Management Agreement.

Any extra services provided by Spence will be remunerated on a time cost basis.

Spence does not receive any commission or any other payments in respect of the Scheme for investment services that will affect the impartiality of their advice. Any manager discounts (net of Mobius’ fees) received through the use of the investment platform are passed in full to the Scheme.

The Trustee is satisfied that this is a suitable adviser compensation structure.

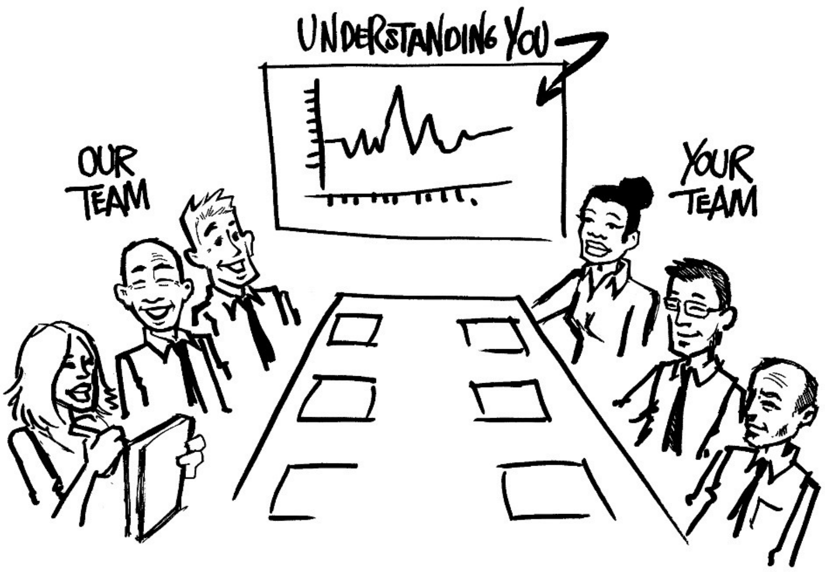
Investment Responsibilities cont'd…

Investment Managers' Duties and Responsibilities

The Trustee, after considering suitable advice, has appointed Spence to manage the assets of the Scheme. The key duties of Spence in this regard are as follows:

- ✓ Selection of investment managers suitable for each mandate within the Trustee's agreed asset allocation
- ✓ Contracting with and appointing the underlying managers to manage the Scheme's assets
- ✓ Management of the Scheme's assets within the agreed allocation as defined in Appendix 1
- ✓ Ongoing monitoring of underlying investment managers. If such managers are downgraded, then Spence will replace the manager with a suitable replacement.

The underlying investment managers are detailed in Appendix 1 of this Statement. These investment managers are authorised and regulated by the FCA and are responsible for stock selection, asset allocation (if managing a multi-asset portfolio) and the exercise of voting rights. All the underlying managers are compensated by fund based charges on the value of the Scheme's assets that they hold.



Setting the Investment Strategy

The Trustee has determined its investment strategy after considering the Scheme's liability profile, its own appetite for risk and the views, risk appetite and covenant of the Company. It has also received written advice from its investment adviser.

Types of Investment

The Scheme's assets are invested on behalf of the Trustee by Mobius Life Limited ("Mobius"), through an investment platform, with underlying investment managers.

The Trustee is permitted to invest across a wide range of asset classes, including but not limited to equities, bonds, cash, property and alternative asset classes. The use of derivatives is as permitted by the guidelines that apply to the pooled funds.

The Trustee will monitor from time-to-time the employer-related investment content of their portfolio as a whole and will take steps to alter this should they discover this to be more than 5% of the portfolio.

Balance between different types of investment

The Scheme invests in assets that are expected to achieve the Scheme's objectives detailed previously. The allocation between the different asset classes is shown in the Appendix 1 of this Statement.

The Trustee has considered the merits of both active and passive management for the different elements of the asset allocation and selected suitable types of management for each asset class. The current managers are shown in Appendix 1.

The Trustee has established a framework to de-risk the Scheme's investment strategy based on a series of pre-determined trigger points. These trigger points are shown in Appendix 1.

From time to time the Scheme may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflow requirements or any other unexpected events.

The Trustee may also hold insurance policies which are for the benefit of certain members to match part or all of its liabilities.

Expected Return on Investments

The Trustee has noted the long-run relationships that exist between the returns from different asset classes and has noted the different expected risk/return characteristics of the various different asset classes.

In particular it has noted that equities can be expected to deliver a greater long-run real return (over price inflation) than that expected from fixed interest gilts, index-linked gilts or cash but that typically equities are the most volatile asset class in terms of market returns on an annual basis.

The Trustee's chosen policy is to get a balance between stabilising the Scheme's funding level and pursuing higher expected return to improve the Scheme's funding level.

Setting the Investment Strategy cont'd…

Realisation of Investments

The Scheme's assets are invested in pooled vehicles, which in turn invest in securities traded on recognised exchanges. The Scheme's investments can generally be readily realised, if necessary.

Financially Material Considerations

The Trustee has considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Scheme for members. It believes that financially material considerations (including climate change) are implicitly factored into the expected risk and return profile of the asset classes it is investing in.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest through pooled funds. The Trustee acknowledges that it cannot directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the Trustee does expect its fund managers and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustee accepts that the Scheme's assets are subject to the investment manager's own policy on socially responsible investment. The Trustee will assess that this corresponds with its responsibilities to the beneficiaries of the Scheme with the help of its investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies are also reviewed regularly for existing managers with the help of the investment consultant. The Trustee will only invest with investment managers that are signatories for the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standards.

The Trustee will monitor financially material considerations through the following means:

- ✓ Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- ✓ Use ESG ratings information provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- ✓ Request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes, via its investment consultant.

If the Trustee determines that financially material considerations have not been factored into the investment managers' process, it will take this into account on whether to select or retain an investment.

Non-Financially Material Considerations

The Trustee has not considered non-financially material matters in the selection, retention and realisation of investments.

Setting the Investment Strategy cont'd…

Stewardship

The Trustee's policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustee's behalf, having regard to the best financial interests of the beneficiaries.

The investment manager should engage with companies to take account of ESG factors in the exercise of such rights as the Trustee believes this will be beneficial to the financial interests of members over the long term. The Trustee will review the investment managers' voting policies, with the help of its investment consultant, and decide if they are appropriate.

The Trustee also expects the fund manager to engage with investee companies on the capital structure and management of conflicts of interest. The Trustee, through its investment consultant, will monitor this. The investment consultant will request annual reports from the manager identifying how they have engaged with the investee companies and managed conflicts of interest issues and report back to the Trustee.

If the policies or level of engagement are not appropriate, the Trustee will engage with the investment manager, with the help of its investment consultant, to influence the investment manager's policy. If this fails, the Trustee will review the investments made with the investment manager.

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code and expects investment managers to adhere to this where appropriate for the investments they manage.

Investment Manager Arrangements

Incentives to align investment managers' investment strategies and decisions with the Trustee's policies

The Scheme invests in pooled funds and so the Trustee acknowledges the funds' investment strategies cannot be tailored to the Trustee's policies. However, the Trustee sets its investment strategy and then selects managers that best suits its strategy taking into account the fees being charged, which acts as the fund manager's incentive.

The Trustee uses the fund objective/benchmark as a guide on whether its investment strategy is being followed and monitors this regularly.

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

The Trustee selects managers based on a variety of factors including investment philosophy and process, which it believes should include assessing the long term financial and non-financial performance of the underlying company.

The Trustee also considers the managers' voting and ESG policies and how they engage with a company, as it believes that these factors can improve the medium to long-term performance of the investee companies.

The Trustee will monitor the managers' engagement and voting activity on an annual basis as it believes this can improve long term performance. The Trustee expects its managers to make every effort to engage with investee companies but acknowledges that their influence may be more limited in some asset classes, such as bonds, as they do not have voting rights.

Setting the Investment Strategy cont'd…

The Trustee acknowledges that in the short term these policies may not improve the returns it achieves but does expect that by investing in those companies with better financial and non-financial performance over the long term this will lead to better returns for the Scheme.

The Trustee believes that the annual fee paid to the fund managers incentivises them to do this.

If the Trustee feels that the fund managers are not assessing financial and non-financial performance adequately or engaging with the companies they are investing in, it will use these factors in deciding whether to retain or terminate a manager.

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

The Trustee reviews the performance of each fund quarterly on a net of fees basis compared to its objective.

The Trustee assesses the performance periods of the funds, where possible, over at least a 3-5 year period when looking to select or terminate a manager, unless there are reasons other than performance that need to be considered.

The fund managers' remuneration is considered as part of the manager selection process and is also monitored regularly with the help of its investment consultant to ensure it is in line with the Trustee's policies.

How the Trustee monitors portfolio turnover costs incurred by the fund managers, and how they define and monitor targeted portfolio turnover or turnover range

The Trustee monitors the portfolio turnover costs on an annual basis.

The Trustee defines target portfolio turnover as the average turnover of the portfolio expected in the type of strategy the manager has been appointed to manage. This is also monitored on an annual basis.

The annual review of portfolio turnover costs and turnover will be carried out by the investment consultant, the results of which will be disclosed annually in a report to the Trustee.

The Trustee has delegated the responsibility of monitoring portfolio turnover costs and target portfolio turnover to its investment consultant.

The duration of the arrangement with the fund managers

The Trustee plans to hold each of its investments for the long term but will keep this under review.

Changes in investment strategy or changes in the view of the fund managers can lead to the duration of the arrangement being shorter than expected.

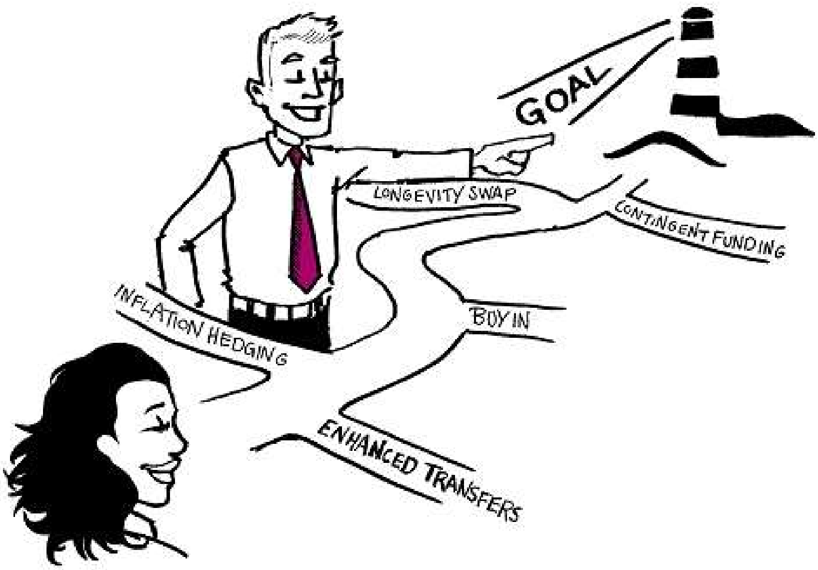
Risks

The Trustee is aware and seeks to take account of a number of risks in relation to the Scheme's investments. Under the Pensions Act 2004, the Trustee is required to state its policy regarding the ways in which risks are to be measured and managed. Overall, the Trustee measures and monitors its risk by receiving quarterly monitoring reports which report on the performance of their assets, their managers and the movements in the Scheme's liabilities. The key risks and the policies are as follows:

Solvency and Mismatching Risk	This is measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities. The risk is managed by setting a scheme specific asset allocation with an appropriate level of risk.
Concentration Risk	This is managed through the diversification of the Scheme's assets across a range of different funds with different investment styles and underlying securities, and different investment managers.
Investment Manager Risk	This is assessed as the deviation of actual risk and return relative to that specified in the investment managers' objectives. It is measured by monitoring on a regular basis the actual deviation of returns relative to investment managers' agreed objectives and an assessment of factors supporting the managers' investment process.
Sponsor Risk	This is assessed as the ability and willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit. This is managed by assessing the interaction between the Scheme and the sponsor's business, as measured by a number of factors including the creditworthiness of the sponsor and the size of the pension liability relative to the sponsor.
Liquidity Risk	This is monitored according to the level of cashflows required by the Scheme over a specified time period. The Scheme's administrators will assess the cash requirements to limit the impact of cashflow requirements on the Scheme's investment policy. The risk is managed by having a suitable amount of readily realisable investments and by holding a certain level of cash type assets. The Scheme invests in assets that there are invested in quoted markets and are as readily realisable as the Trustee feels suitable given the Scheme's cashflow position and the expected development of the liabilities.

Risks cont'd…

Currency Risk	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in non-sterling assets or via currency investment. Some currency hedging is used to manage this risk.
Loss of Investment Risk	There is a risk of loss of investment by each investment manager and potentially the custodian. This includes losses beyond those caused by market movements e.g., losses caused by fraud. The Trustees undertake regular reviews of the internal controls and processes of the investment managers.
Environmental, Social and Governance (ESG) and Climate Change Risks	There is a risk that ESG issues and climate change are not considered as part of the investment process and so may expose the portfolio. This can lead to losses that may not have been factored into any assumptions. The Trustee has considered ESG issues as part of the investment process but has made no explicit allowance for risks associated with climate change as it believes it is difficult to accurately quantify.



Compliance

The Trustee confirms that it has received and considered written advice from Spence on the establishment and implementation of its investment strategy.

The Trustee confirms that it has consulted with the Company regarding its strategy.

Copies of this Statement and any subsequent amendments will be made available to the Company, the investment managers, the Scheme Actuary and the Scheme auditor upon request.

The Trustee will monitor compliance with this Statement annually. This will include a review of the suitability of the investment strategy on an ongoing basis and consideration of the continued suitability of the appointed investment managers.

NAME (Block Capitals) IAN GORDON Director

McGrigors Pension Trustees Limited

Signed:

Trustee

Signed for and on behalf of the Trustee of the Scottish Woodlands Retirement Benefits Scheme

Date of Signing: 27/04/2021

QAS Institute and Faculty of Actuaries ®

Quality Assurance Scheme

Appendices

Appendix 1

Strategic Asset Allocation

The Scheme has a strategic asset allocation as set out in the table below:

Portfolio	Allocation	Control Range	Asset Class	Allocation
Leveraged Liability Driven Investment ("LLDI")	25%	N/A	LLDI	25%
Diversified Growth Fund ("DGF")	20%	+/- 4%	DGF	20%
Equity	15%	+/- 3%	World Equity (hedged)	5%
			World Equity (unhedged)	5%
			World Emerging Markets Equity	5%
Bonds	25%	+/- 5%	Multi Asset Credit (TwentyFour)	12.5%
			Multi Asset Credit (Newton)	12.5%
Diversified Alternatives	5%	N/A	Diversified Alternatives	5%
Property	10%	N/A	Property	10%
Total	**100%**			**100%**

Note: Given the illiquid nature of property and diversified alternatives, it is not expected that these funds will be re-balanced. LLDI will also not be rebalanced in order to maintain a liability hedge ratio.

Rebalancing and Cashflow management

The Trustee recognises that the asset allocation of investments will vary over time due to market movements. The Trustee seeks to keep the asset allocation in line with its benchmark but is cognisant of the costs of rebalancing. It has delegated the task of managing the assets against the benchmark to Spence.

Where possible cash outflows will be met from the income of the Scheme's assets to minimise transaction costs. Where income is insufficient monies will be raised through the sale of assets so as to move the allocation closer to the central benchmark allocation subject to consideration of liquidity issues, transaction costs, market conditions and the speed with which monies are required. Similarly, where cashflows in are received, the money will be invested in such a way as to bring the allocation into line with the central benchmark allocation.

Appendix 1 cont'd…

Trigger Structure

The Trustee has established a framework to de-risk the Scheme's investment strategy based on a series of pre-determined trigger points. These are based on the required return which the asset portfolio has to achieve in order to meet the success criteria defined in the Investment Objectives.

As the Scheme's funding level is expected to rise over time, the Scheme will gradually de-risk in order to hedge against volatility. This requires switching from return seeking asset classes into safer, lower yielding asset classes. As such, the required return on the portfolio decreases as the funding level increases above its expected value. The actuarial basis used to calculate the technical provisions will be adjusted each time a trigger is hit and the strategy changes to reflect the lower required return and so will lead to a more conservative funding basis.

The table below shows the pre-determined trigger points (i.e., required returns) and the resultant investment strategies.

Asset Class	Strategic Allocation	Stage 1 Trigger Allocation	Stage 2 Trigger Allocation
	Required Return 2.1% p.a.	Required Return 1.6% p.a	Required Return 1.1% p.a
LLDI/Cash	25.00%	35.00%	45.00%
World Equity (hedged)	5.00% (+/-1%)	2.50% (+/-1%)	0.00%
World Equity (unhedged)	5.00% (+/-1%)	2.50% (+/-1%)	0.00%
World Emerging Markets Equity	5.00% (+/-1%)	5.00% (+/-1%)	0.00%
UK Corporates	0.00%	5.00% (+/-1%)	10.00% (+/-2%)
Diversified Alternatives	5.00%	5.00%	5.00%
Multi Asset Credit	25.00% (+/-5%)	25.00% (+/-5%)	25.00% (+/-5%)
Property	10.00%	10.00%	10.00%
DGF	20.00% (+/-4%)	10.00% (+/-2%)	5.00% (+/-1%)

Appendix 1 cont'd…

Investment Managers

The Trustee has invested the Scheme through an insurance policy with Mobius Life. One of Spence's key responsibilities is to appoint suitable investment managers. Mobius Life provides investment administration for the Scheme and so carries out the day to day management of the investment managers.

The table below shows the investment managers appointed to carry out the day to day management of the assets, as well as the funds that they manage, their benchmarks and relevant objectives.

Investment Manager	Fund	Benchmark	Objective
Legal & General Investment Management	Matching Core Funds	An investible Index of gilts and swaps	Hedging
	World Equity Index Fund	FTSE World Index	Track to within +/- 0.5% p.a. for two years out of three
	World Equity Index Fund – GBP Currency Hedged	FTSE World Index – GBP Hedged	Track to within +/- 0.5% p.a. for two years out of three
	World Emerging Markets Equity Index Fund	FTSE Emerging Index	Track benchmark (less withholding tax) to within +/- 1.5% p.a. for two years out of three
	Dynamic Diversified Fund	Bank of England Base Rate	+4.50% p.a. gross of fees
TwentyFour Asset Management	Strategic Income Fund	3 Month LIBOR	+4.00% p.a. net of fees over a 1 year period
Newton Investment Management	Global Dynamic Bond Fund	1 Month LIBOR	+2.00% p.a. gross of fees
Partners Group	Generations Fund	MSCI World 100% Hedged to GBP TR	Outperform Benchmark
Colombia Threadneedle	Property Fund	AREF/IPD UK Quarterly Property Funds Index - All Balanced Funds	Outperform benchmark

The investment managers' performance will be monitored on a quarterly basis.

Appendix 1 cont'd…

Fees

The fee arrangements for the investment managers are summarised below:

Investment Manager	Fund	Annual Management Charge % p.a
Legal & General Investment Management	Matching Core Fund	0.24% p.a.
	World Equity Index Fund	0.14% p.a.
	World Equity Index Fund – GBP Currency Hedged	0.17% p.a.
	World Emerging Markets Equity Index Fund	0.34% p.a.
	Dynamic Diversified Fund	0.43% p.a.
TwentyFour Asset Management	Strategic Income Fund	0.49% p.a.
Newton Investment Management	Global Dynamic Bond Fund	0.40% p.a.
Partners Group	Generations Fund	1.91% p.a.
Colombia Threadneedle	Property Fund	0.75% p.a.

Spence are remunerated on a basis point basis (i.e., as a percentage of the Scheme's assets), although additional fees may be agreed for specific projects.

Appendix 2

The Myners principles as applicable to DB schemes are set out below:

Principle 1: Effective Decision Making	Trustees should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively and monitor their implementation. Trustees should have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.
Principle 2: Clear Objectives	Trustees should set out an overall investment objective(s) for the fund that takes account of the scheme's liabilities, the strength of the sponsor covenant and the attitude to risk of both the trustees and the sponsor, and clearly communicate these to advisers and investment managers.
Principle 3: Risk and Liabilities	In setting and reviewing their investment strategy, trustees should take account of the form and structure of liabilities. These include the strength of the sponsor covenant, the risk of sponsor default and longevity risk.
Principle 4: Performance Assessment	Trustees should arrange for the formal measurement of the performance of the investments, investment managers and advisers. Trustees should also periodically make a formal policy assessment of their own effectiveness as a decision-making body and report on this to scheme members.
Principle 5: Responsible Ownership	Trustees should adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents. A statement of the scheme's policy on responsible ownership should be included in the Statement of Investment Principles (SIP). Trustees should report periodically to members on the discharge of such responsibilities.
Principle 6: Transparency and Reporting	Trustees should act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives. Trustees should provide regular communication to members in the form they consider most appropriate (e.g., Statement of Investment Principles as well as Statement of Funding Principles; websites/helplines (for larger schemes); and annual report and accounts).

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