

THE SCOBIE & JUNOR (HOLDINGS) LTD GROUP PENSION SCHEME

Statement of Investment Principles

1. *BACKGROUND*

This Statement of Investment Principles sets down the principles governing decisions about investments for the Scobie & Junor (Holdings) Ltd Group Pension Scheme to meet the requirements of the Pensions Act 1995, the Occupational Pension Scheme (Investment) Regulations 2005 and subsequent legislation. Before preparing it the Trustees have consulted Scobie & Junor (Holdings) Ltd (the Sponsoring Employer).

Where matters described in this Statement may affect the Scheme's funding policy, input has been obtained from the Scheme Actuary. The Trustees will review this Statement at least every three years, or as soon as practicable after any change in investment policy.

The Trustees investment responsibilities are governed by the Scheme's Trust Deed of which this Statement takes full regard. The Trustees note that, according to the law, they have ultimate power and responsibility for the Scheme's investment arrangements.

2. *INVESTMENT POLICY*

The Trustees' main aims are:

- To make sure that the Scheme can meet its obligations to the beneficiaries of the Scheme.
- To pay due regard to the interests of Scobie & Junor (Holdings) Ltd on the size and incidence of contribution payments.

To achieve these objectives, the Trustees have set a benchmark and have instructed that in the long term the asset allocation is maintained in line with this benchmark. The investment manager mandate does not include an instruction to the manager to rebalance the fund if it deviates from the benchmark allocation. Cash flow into the Scheme is used to bring the investments back in line with the benchmark allocation. Furthermore, the Trustees have invested in various index-tracking funds in respect of the various asset classes. The benchmark is as follows:

UK Equity Index	73%
North American Equity Index	9%
Japan Equity Index	3%
Europe Equity Index	12%
Pacific Basis Equity Index	3%

Following discussions in June 1999, it was agreed to invest new monies for the following 12 months in Pacific Basin (excluding Japan) Equities and UK equities in the ratio 85% to 15%.

The Trustees recognise that the allocation in June 1999 deviated from the long term allocation, but have agreed that no further rebalancing should take place until the next formal actuarial review.

During 2003, following the results of the formal actuarial valuation at 30 June 2002, the Trustees considered whether or not there should be some allocation to bonds and decided that the Scheme assets should remain 100% invested in equities.

The Trustees employ Legal & General Assurance (Pensions Management) Limited as Investment Managers to invest the assets of the Scheme. Legal & General Assurance (Pensions Management) Limited is regulated by the Financial Services and Markets Act 2000. As required by the Financial Services and Markets Act, the Trustees, on behalf of the Scheme, have entered into a signed Agreement with Investment Manager. The Agreement provides important protections for the Scheme itself and for the Trustees. It also sets out the terms on which the assets are managed; the investment brief, guidelines and restrictions under which the Investment Manager works.

Additional Voluntary Contributions (AVCs)

The Trustees invest members' additional voluntary contributions in insurance policies with bonus being added on a regular basis.

With the assistance of the Scheme's consultants, these arrangements are to be reviewed from time to time to ensure that the investment performance achieved is acceptable and the investment profile of the funds remains consistent with the objectives of the trustees and needs of the members.

3. ***RISK MEASUREMENT AND MANAGEMENT***

The Trustees believe the following risks may be financially material to the Scheme over its expected anticipated lifetime:

- The risk of a mismatch between the Scheme's assets and its liabilities, and the risks which may arise from the lack of diversification of investments.

Subject to satisfying the risk from a mismatch of assets and liabilities, the Trustees believe that the asset allocation policy in place provides an adequately diversified distribution of assets.

- The risk in holding assets that cannot easily be sold should the need arise.

The Trustees invest in pooled funds which invests assets across a wide range of securities.

The Agreement with the Investment Manager includes a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the Scheme.

The Investment Manager must not do anything that could be considered to be speculative, or 'trading' by the Financial Services and Tax authorities.

4. ***DAY TO DAY MANAGEMENT OF ASSETS***

The Trustees have delegated the responsibility for buying and selling investments to the Investment Manager. The day to day activities which the Investment Manager carries out for the Scheme are governed by the Agreement between the Trustees, on behalf of the Scheme, and the Investment Manager, which is reviewed from time to time to ensure that the operating instructions, guidelines and restrictions remain appropriate. See section 2 for further details.

5. ***SOCIALLY RESPONSIBLE INVESTMENT/CORPORATE GOVERNANCE***

The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustees have taken in to account the expected time horizon of the Scheme when considering how to integrate these issues into the investment decision making process.

The Trustees have given the Investment Manager full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustees are satisfied that this corresponds with their responsibilities to the beneficiaries of the Scheme.

6. ***MEMBER VIEWS***

Member views are not taken into account in the selection, retention and realisation of investments.

7. ***COMPLIANCE WITH THIS STATEMENT***

The Trustees of the Scobie & Junor (Holdings) Ltd Group Pension Scheme, the Investment Manager and Mercer Limited, our consultants, (all of whom have been appointed by the Trustees) each have duties to perform to ensure compliance with this Statement. These are:

The Trustees, will review this Statement every year on the advice of Mercer Human Resource Consulting Limited and will record compliance with it at each Trustees' meeting.

The Investment Manager will prepare reports from time to time to the Trustees including:

- valuation of all investments held for the Scheme
- records of all transactions together with a cash reconciliation
- a review of recent actions undertaken on behalf of the Scheme together with a summary of their current stated policy.

The Investment Manager, who has received a copy of this Statement, will have regard to the need for diversification and suitability of investments to the Scheme and the Trustees principles contained herein.

The Investment Manager will also notify us in advance of any new investment categories in which they are proposing to invest.

Mercer Limited, our consultants, will provide the advice needed to allow us to review and update this statement annually (or more frequently if required).

Signed:

Name:

Date:

On behalf of the Trustees of the Scobie & Junor (Holdings) Ltd Group Pension Scheme

September 2019

Prior Amendments:

November 2003