Howarth Timber Group Retirement and Death Benefits Plan

Statement of Investment Principles ("SIP")

Background

This Statement of investment Principles has been prepared by the Trustees of the Howarth Timber Group Retirement and Death Benefits Plan ("the Plan") to meet the requirements of Section 35 of the Pensions Act 1995 and SI 2005/3378 The Occupational Pension Schemes (Investment) Regulations.

It has been prepared after obtaining and considering the written advice of a person who is reasonably believed by the Trustees to be qualified by his ability in and practical experience of financial matters and has the appropriate knowledge and experience of the management of investments of pension schemes.

The Statement has been prepared after consultation with the sponsoring employer.

The Statement will be reviewed at least every three years or, without delay, after any significant change in investment policy.

Purpose

This statement sets out the principles governing the Trustee's decisions to invest the assets of the Plan.

The Trustees have taken the Myners' Principles into consideration when making decisions about the Plan's investment arrangements.

Objectives

The Trustees' primary investment objective for the Plan is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due. In doings so, the Trustees also aim to maximise returns at an acceptable level of risk, having regard to the support available from the sponsoring employer.

The Trustees believe that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used by the Scheme Actuary.

Implementation

The Trustees set the broad investment strategy having regard to the objectives and following careful consideration of:

- the nature and duration of the Plan's liabilities,
- the risks of investing in the various asset classes,
- the implications of the strategy (under various scenarios) for the level of contributions required to fund the Plan,
- the strength of the sponsoring company's covenant.

The Trustees recognise that the investment strategy is subject to risk, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities.

The Plan's assets are invested wholly via pooled vehicles.

The Trustees have also undertaken a buy-in with Aviva which will pay to the Plan an amount equivalent to the pensions for the pensioners at the time of taking out the policy, and their dependants as appropriate.

The Trustees have delegated day to day investment decisions by investing in pooled funds.

The Trustees will maintain a list of the pooled funds in which they invest in Appendix A and will amend this as necessary.

The proportion of the assets held within each fund is approximate and will vary from time to time as a result of changes in the value of each fund.

There will be no automatic rebalancing of the overall portfolio.

Disinvestment

Where cash is required to meet benefit payments or for general purposes of the Scheme, the Trustees will disinvest in accordance with the provision set out in Appendix B, unless the Trustees decide otherwise.

Policies

Use of Pooled Funds

The Trustees do not make decisions regarding the investments held within each pooled fund.

When choosing a pooled fund, the Trustees will have regard to the investments held, the risks associated with investing in that fund and any constraints on the type of assets that may be held within the fund.

The balance between investment classes will be determined by the manager of the pooled fund.

The Trustees review performance of the fund managers at regular intervals and also consider the performance of the overall strategy against their objectives.

Environment, Social and Governance Issues

The Trustees believe that good stewardship and environmental, social and governance ("ESG") issues may have a financially 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 recognises that long-term sustainability issues, particularly climate change, present risks and potential opportunities that increasingly may require explicit consideration.

The Trustees have given the pooled fund managers full discretion when evaluating ESG issues, including climate change considerations, exercising voting rights and stewardship obligations attached to the Plan's investments. The Trustees expect managers to have integrated ESG into their risk analysis and investment process. Similarly, the Plan's voting rights are exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

The Plan's investment advisors will keep the Trustees informed on ESG issues. The Trustees consider how ESG, climate change and stewardship is integrated within investment processes when appointing new managers and the Trustees monitor their existing managers' ESG approach on a periodic basis, and discuss ESG considerations as part of ongoing reviews.

Non-Financial Matters

Non-financial matters are not taken into account when determining the Plan's investment policy. Member views are not actively sought but the Trustees make a copy of the Statement of Investment Principles available to members on request and publish a copy of the Statement on a publicly accessible website.

Direct Investment

The Trustees will not hold investments directly and hence cannot exercise voting rights nor undertake investment engagement activities.

Incentivising investment Managers

As investments are made in pooled funds with defined charges and expenses, it is not possible directly to incentivise fund managers to align investments with the Trustees' policies, improve engagement or monitor transaction costs. Ultimately, the Trustees only remedy is likely to be to move to an alternative pooled fund.

Monitoring Turnover

The nature of the Plan's investments makes it impractical for the Trustees to monitor turnover or turnover costs directly. The performance figures that the Trustees and their investment consultant analyse are net of transactions costs, so this is taken into account indirectly.

Term of Manager Appointments

The investment in any particular pooled fund managers does not have a fixed term but can be terminated in the event of consistent underperformance or misalignment with the Trustees' objectives.

Employer-Related Investments

The policy of the Trustees is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 except where the Plan invests in collective investment schemes that may hold employer-related investments. In this case, the total exposure to employer-related investments will not exceed 5% of the Plan's total value. The Trustees will monitor this on an ongoing basis to ensure compliance.

Signed:

Date: 30 September 2020

APPENDIX A

Current fund managers

Manager	Fund
Legal & General	L&G Life CR Global Equity Fixed Weights (50:50) Index
	L&G Life HN World Emerging Markets Equity Index
	L&G Life AA All Stocks Gilts Index
	L&G Life BJ Active Corporate Bond over 10 years
	L&G Life All Stocks Index-Linked Gilts Index
Ventobel	ML Ventobel Global Equity Life
Artevora	Artevora Global Long-only Equity

APPENDIX B

Disinvestment of Assets

Where assets need to be disinvested, moneys will be drawn from the L&G Life CR Global Equity Fixed Weights (50:50) Index, unless the Trustees decided otherwise.