

IMPLEMENTATION STATEMENT

This is the Scheme Trustee's Implementation Statement ("Statement") covering the period 1 April 2020 to 31 March 2021 and also up to and including the date of this Statement ("Year").

The Scheme Trustee is directly responsible for the Forestry Sector of the Unitised Fund and so this Statement is limited only to that investment. Groups are responsible for the strategy and policies for their individual Group investments and have included their Group Implementation Statement in their 31 March 2021 Group Annual Report and Financial Statements.

The Scheme Trustee's direct responsibility in relation to the Forestry Sector extends to operation, investment management and strategy. As the current structure of the Forestry Sector, being a Unitised Fund comprising a single Sector, cannot alone provide for the investment policies of the Group Sections of ESPS, this Statement should be considered alongside the relevant Groups' Annual Report and Financial Statements for details about Group assets.

The Scheme Trustee is required to report in this Statement on:

- (a) how and the extent to which the Scheme Trustee's statement of investment principles ("SIP") policy on the exercise of rights (including voting rights) attaching to the Forestry Investment and the undertaking of engagement activities (including the methods of monitoring and engaging) have been followed during the Year; and
- (b) voting behaviour during the Year and the use of the services of a proxy voting during the Year.

The SIP was updated in September 2020 and includes the Scheme Trustee's approach to environmental, social and governance ("ESG") considerations. The SIP includes the risk and impact of ESG factors including climate change on the value of investments held, asset arrangements, stewardship matters, and risk measurement and management. The Forestry Sector manager has regard, at all times, to the SIP and the Scheme Trustee can confirm that in their opinion, the SIP has been followed effectively and appropriately taking into account the characteristics of the portfolio. The Scheme Trustee monitors how the principles set out in the SIP have been followed by considering the quarterly and annual reports received from the Forestry Sector manager, Bidwells, and from the Scheme Trustee investment adviser, Aon, covering operational activity as well as performance matters.

The Forestry Sector manager is not mandated by the Scheme Trustee to undertake voting activity on behalf of the Scheme Trustee and nor does any other party. All voting activity is undertaken directly by the Scheme Trustee. During the Year, there were no opportunities which arose which required the Scheme Trustee to make a direct investment decision. However, in the event that such opportunities do arise, the Scheme Trustee will seek the appropriate advice from Aon. Additionally, whilst the Scheme Trustee can use proxy voting services no occurrences arose during the Year which required such a service.