Investment Policy

1. Introduction

1.1 The John Muir Trust ("the Trust") is a UK charity, registered as a company limited by guarantee with Companies House and incorporated in Scotland. Its purpose is to work with others to inspire people, advocate the benefits of wildness, prevent the loss of wild land, manage wild places responsibly and repair and rewild that which has been damaged in the past.

1.2 The financial objective of the charity is to at least maintain real value of invested assets whilst generating a stable and sustainable return to fund our purposes. The inflation measure most relevant to the charity's expenditure is the consumer price index (CPI).

1.3 The charity holds a combination of current and fixed assets with the fixed assets comprising cash, property and other assets and an investment portfolio. The income received from the investments is used to support the charity's core activities.

1.4 In addition to return on investment, the charity receives income from fundraising donations, general donations, grants and Charitable Trusts and legacies. This income is used to support the charity's core activities and specific projects, such as the purchase of land. The Trust also has a trading subsidiary, the JMT Trading Company Ltd.

1.5 The Trustees of the charity have delegated decision making on investment matters to an external investment management team.

1.6 The purpose of this policy is to provide transparency on the Trust's investment strategy with regards to investments.

2. Investment Objectives

2.1 The charity seeks to produce the best financial return from their investments within a moderate risk. To ensure that the understanding of a moderate degree of risk is defined, the Trustees would look to re-consider the investment strategy if the value of the portfolio was to decline or increase by more than 15% in a rolling 12-month period. For the avoidance of doubt the Trustees would expect the above volatility would be below 15% in each year and in the region of 8% and 10%.

2.2 In the event of the portfolio falling outside these measurements over a rolling 12-month period, the investment manager must engage in a dialogue with the Finance Committee to assess the continued appropriateness of the strategy and whether any capital preservation measures should be applied to the portfolio.

2.3 The investment objective is to generate a return of CPI inflation plus 3.5% per annum over the long term, after expenses. This will allow the charity as a minimum to maintain the real value of assets, whilst supporting core annual expenditure. This will be reviewed annually by the Finance Committee.

3. Assets

3.1 Assets

The charity's assets can be invested widely, in accordance with the Charity and Trustees Investment Act (Scotland) 2005, and should be diversified by asset class, counter-party and by security (including region, industrial sector). Asset classes can include cash, bonds, equities, property, structured products, and commodities. The appointed investment management team may invest in any other area that is deemed suitable for the charity.

Table 1 illustrates what the Finance Committee consider to be a suitable asset allocation for use by the investment management team. The Trustees expect the investment manager to work within the set asset allocations reporting any deviations from the parameters by way of report and attendance at the appropriate Finance Committee meeting. The Trust maintains additional cash in addition to the investment portfolio and, as such, we would expect cash to be maintained at the lower end of the range. We recognise that the investment manager has discretion over how to invest the portfolio, so the following ranges are expected but not absolute.

Table 1 Asset Class

Asset Class	Expected range
Global equities	65% range +/- 10%
Fixed Interest	20% range +/- 10%
Alternatives (e.g. Property, Infrastructure, Renewables)	10% range +/- 5%
Cash	5% range +/- 5%

3.2 Currency

The base currency of the investment portfolio is Sterling. It is acknowledged that a high proportion of assets will be invested in global investments.

4. Liquidity Requirements

4.1 Income from the long-term investments will be used to fund charity activities together with donations and legacies received through the year.

4.2 Due to the nature of the investments, the Trustees wish to keep at least 70% of the investment portfolio in securities that can be realised within 3 months.

5. Time Horizon

5.1 The Trust takes a long-term view to investing but expects a total return of CPI + 3.5% (net of fees). Capital growth is expected to be at least in line with inflation (as measured by CPI).

5.2 The charity will adopt a rolling 3-5 year timeline.

6. Ethical Investment

6.1 The John Muir Trust has the following mission:

To work with others to inspire people to get close to wild nature; speak up for the benefits of wildness; prevent the loss of wild places; manage wild places in a responsible and exemplary fashion; and repair and rewild what has been damaged in the past.

6.2 As a charity with a significant public profile we recognise the risk to reputation which exists through being invested in a manner not consistent with our mission. The charity has agreed to the following specific investment restrictions in an attempt to manage the risk to reputation and align the charity's long-term reserves with the mission:

- No direct investment in pornography
- No direct investment in armaments productions
- No direct investment in tobacco
- No direct investment in utilities
- No direct investment in oil and gas

6.3 The investment restrictions above are not intended to directly reflect the Trust's policy position. With specific reference to the utilities restriction, the

Trust supports investment in renewables where it does not impact on the Trust's ability to achieve its charitable objectives.

7. Environmental, Social and Governance Factors

7.1 The Trustees take a number of environmental, social and governance (ESG) issues seriously and these are reflected in where the charity's assets may be invested, as identified in 6.2. In addition, we would expect the investment management team to ensure that they are aware of and implement these requirements and that they will engage with the companies held in the portfolio in the pursuit of more transparent corporate reporting and better corporate standards, as measured by ESG metrics. As a minimum the charity would expect the investment manager to be a signatory to the United Nations Principles for Responsible Investment (UNPRI).

7.2 There are three main ESG factors which are important to the charity:

- Environmental, e.g. biodiversity protection, habitat protection and the taking steps to mitigate the Climate Emergency
- Social Factors, e.g. workers' rights and the right to collective bargaining
- Governance, e.g. reporting in accordance with the Task Force on Climate related Disclosures (TCFD)

7.3 Climate change presents a systemic risk for investors. Regulation, resource constraints, emissions trading, the price of carbon and waste disposal have a significant impact on company operations. The Trustees are aware of the importance of climate change and as such prefer to invest in those companies that have evidence or can show that they are working towards a commitment to mitigate climate risk.

7.4 Poor corporate governance has been shown to have serious consequences not only to returns on investment but also to the reputations of organisations who invest in them. The way a company is governed can affect its performance and should be a concern of all shareowners. The Trustees prefer to invest in organisations that can show evidence or are working to employing good governance procedures.

7.5 The Trustees are very mindful of social factors such as labour standards, community relations or health and safety that can negatively impact on a company's reputation and brand value. This in turn can have an impact on investment returns and in the worst scenario actually affect the reputation of the charity itself. Where possible the Trustees prefer to invest in organisations that can evidence or show evidence of working towards good social standards.

8. Management, Reporting and Monitoring

8.1 The charity has appointed a professional investment management team to manage the assets on a discretionary basis in line with this policy. The investment management team provides custody of the charity's assets. The investment management team are required to produce a valuation and performance report on a quarterly basis to the Director of Finance and Resources. The investment management team is required to attend the Finance Committee meeting at least once per annum.

8.2 The Trustees have delegated responsibility for monitoring the investment portfolio to the Finance Committee. The Finance Committee meet four times each year to review the portfolio, including an analysis of return, risk and asset allocation. Performance will be monitored by the Finance Committee against the investment objective of CPI inflation plus 3.5% over the long term.

8.3 The Finance Committee will summarise and formally report to the Trustees quarterly.

9. Approval and Review

9.1 This policy will be reviewed every year, at a minimum, by the Finance Committee, or sooner if warranted by internal or external events or changes. Changes to the policy will be recommended by the Director of Finance and Resources to the Trustees.

This Investment Policy was adopted by the Trustees of The John Muir Trust in February 2021.