Statement of Investment Principles

Chemviron Carbon Pension Plan
("the Plan")
May 2025

Contents

01 Introduction

Purpose

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 for the Chemviron Carbon Pension Plan ("the Plan"). It describes the investment policy being pursued by the Trustees s of the Plan and is in accordance with the Government's voluntary code of conduct for Institutional Investment in the UK ("the Myners Principles"). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

Plan details

The exclusive purpose of the Plan is to provide retirement and death benefits to eligible participants and beneficiaries. It qualifies as a registered pension scheme, registered under Chapter 2 of Part 4 of the Finance Act 2004.

The Scheme Actuary is Jill Fletcher and the Investment Advisor is XPS Investment Limited, both part of XPS Group (collectively termed 'the Advisors').

Advice and consultation

Before preparing this Statement, the Trustees have sought advice from the Plan's Investment Consultant, XPS Investment Limited. The Trustees have also consulted the Principal Employer. The Trustees will consult the Principal Employer on any future changes in investment policy as set out in this Statement.

Investment powers

The Plan's Trust Deed and Rules set out the investment powers of the Trustees. This Statement is consistent with those powers. Neither this Statement nor the Trust Deed and Rules restricts the Trustees' investment powers by requiring the consent of the Principal Employer.

In accordance with the Financial Services and Markets Act 2000, the Trustees set general investment policy but delegate responsibility for the selection of the specific securities and any financial instruments in which the Plan invests to the Investment Manager and/or Insurance Provider.

Review of the Statement

The Trustees will review this Statement and their investment policy at least every three years in conjunction with each triennial valuation or immediately following any significant changes in investment policy.

The Trustees will also review this Statement in response to any material changes to any aspect of the Plan, its liabilities, finances and attitude to risk of either the Trustees or Principal Employer which they judge to have a bearing on the stated investment policy.

The Trustees will receive confirmation of the continued appropriateness of this Statement annually, or more frequently, if appropriate.

02 Definitions

Definitions

Capitalised terms in this document mean the following:

Act - The Pensions Act 1995 (as amended by section 244 of the Pensions Act 2004);

AVCs - Additional Voluntary Contributions;

Buy-in - An insurance policy that covers some or all of a pension plan's liabilities in the Trustees' name to mitigate the risk that the Plan cannot pay the future benefits covered by the policy;

Buy-out - An insurance policy that covers all the Plan's liabilities, and assigns these to individual members thus completely removing the risk and liability from the Trustees and Sponsoring employer;

Insurance Provider - Aviva ("the Insurance Provider");

Investment Manager - Legal & General Investment Management, "LGIM" ("the Investment Manager"), an organisation appointed by the Trustees to manage investments on behalf of the Plan;

Principal Employer - Chemviron Carbon Limited;

Recovery Plan - The agreement between the Trustees and the Principal Employer to address the funding deficit;

Statement - This document, including any appendices, which is the Trustees' Statement of Investment Principles;

Plan - Chemviron Carbon Pension Plan;

Trust Deed and Rules - The Plan's Trust Deed and Rules;

Trustees - The collective entity responsible for the investment of the Plan's assets and managing the administration of the Plan;

Valuation (buy-out funding basis) - The amount required, based on actuarial calculation, to make provision for the Plan's liabilities;

03 Strategic investment policy and objectives

Choosing investments

The Trustees have selected a buy-in policy through which benefits due under the Plan are secured. The selection of the buy-in policy was made having taken written investment advice. The advice covered the suitability of insurance policy; whether there was any need for diversification, given Plan circumstances; and the principles and objectives within this Statement. In addition to the buy-in policies, the Trustees maintain a small allocation with a professional Investment Manager consisting of liquid investments to cover any additional expenses or potential 'true-up' payments required Aviva.

The Trustee's policy is to regularly review the investments over which they retain control and to obtain written advice about them when necessary. When deciding whether to make any new investments, the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the Investment Managers through the funds they manage. The written advice will consider suitability of the investments, the need for diversification and the principles and objectives within this Statement. The adviser will have the knowledge and experience required under Section 36(6) of the Act.

Long-term objectives

The primary investment objective of the Trustees is to seek to ensure the Plan can meet the benefit payments promised as and when they fall due.

The Trustees' intention is that the Plan will complete a full buy-out in due course as that is deemed to be the most appropriate way in which to meet the primary investment objective.

Expected returns

By securing benefits through the buy-in policies, the Trustees expect that the change in value of the insurance policy will match the change in value of the benefits due under the Plan.

Investment Policy

Following advice from the Investment Consultant, the Trustees have set the investment policy and objectives with regard to the Plan's liabilities and funding level.

This resulted in the Trustees completing a buy-in of the Plan's liabilities with an Insurance Provider in early April 2025. The residual assets are held with LGIM and the Plan's Trustee bank account.

The investment policy the Trustees have adopted is detailed in Appendix I.

Range of assets

The majority of the Plan's assets are a buy-in policy. The Trustees have no direct influence on the range of assets which support the payments due under the policy. The Insurance Provider will invest in an appropriate range of assets in line with the risk profile of their annuity business and the regulatory and capital regime with which they are required to comply.

The Trustees consider the investment arrangements with the Insurance Provider to be aligned with the Plan's overall strategic objectives. The Insurance Provider is contractually obliged to invest the assets for which they are responsible in such a way that ensure they meet all the benefits insured and comply with regulatory and capital requirements.

The Trustees encourage the Insurance Provider to make decisions in the long-term interests of the Plan where applicable. The Trustees expect engagement by the Insurance Provider with management of the underlying issuers of debt or equity and the exercising of voting rights (where applicable). This expectation is based on the belief that such engagement can be expected to help Insurance Providers to mitigate risk and improve the predictability of long-term returns. The Trustees therefore make decisions about the retention of Insurance Providers accordingly. When the Trustees considered the Insurance Provider from which to purchase buy-in policy, the ESG and climate change risk credentials of the Insurance Provider were considered. XPS Investment Limited consider Aviva to have an ESG rating of Green.

The Plan also retains assets with Legal and General Investment Management ("LGIM") alongside the insurance policy. This combination of assets in accordance with the investment policy detailed in Appendix I and the specific manager mandates detailed in Appendix II is deemed to be an effective strategy for ensuring that a full buy-out can be completed in due course.

04 Responsible investment

The Trustees have considered their approach to environmental, social and corporate governance ("ESG") factors for the long-term time horizon of the Plan and believe there can be financially material risks relating to them. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Plan's Investment Manager and Insurance Provider.

The Plan's assets have been used to purchase a buy-in policy. The Trustees have no direct influence on the range of assets which support payments due under the policy. However, prior to entering the buy-in policy the Trustees did consider Aviva's ESG and responsible investing criteria as key factors in determining its suitability as the Insurance Provider of the policy.

The Trustees will seek advice from the Investment Consultant on the extent to which its views on ESG and climate change risks may be considered in any future investment decisions. Furthermore, the Trustees, with the assistance of the Investment Consultant, will monitor the processes and operational behaviour of the Insurance Provider from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this Statement.

The Trustees' ongoing policy on responsible investment relates to the surplus assets that remain invested with the Investment Managers, that the Trustees can control.

The Trustees require the Plan's Investment Managers to take ESG and climate change risks into consideration within their decision-making, in relation to the selection, retention or realisation of investments, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees will seek advice from the Investment Consultant on the extent to which its views on ESG and climate change risks may be considered in any future Investment Manager selection exercises. Furthermore, the Trustees, with the assistance of the Investment Consultant, will monitor the processes and operational behaviour of the Investment Managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this Statement.

When considering the selection, retention or realisation of investments, the Trustees have a fiduciary responsibility to act in the best interests of the beneficiaries of the Plan, although they have neither sought, nor taken into account, the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future qualify of life of the members and beneficiaries of the Plan (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments.

The Trustees will review their policy on whether to take account of non-financial matters from time to time.

The Insurance Provider will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustees will, with input from their Investment Consultant, monitor and review the information provided by the Insurance Provider. Where possible and appropriate, the Trustees will, through the Plan's Investment Consultant, engage with their Insurance Provider for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

To ensure sufficient oversight of the engagement and voting practices of their managers, the Trustees may periodically meet with their Investment Managers and Insurance Providers to discuss engagement which has taken place. The Trustees will also expect their Investment Consultant to engage with the Investment Managers and Insurance Providers from time to time as needed and report back to the Trustees on the stewardship credentials of these organisations. The Trustees will then discuss the findings with the investment adviser, in the context of their own preferences, where relevant. This will include considering whether the organisations are a signatory to the UK Stewardship Code. The Trustees recognise the Code as an indication of an organisation's compliance with best practice stewardship standards.

05 Risk measurement and management

The Trustees recognise several risks involved in the investment of the assets of the Plan. The Trustees measure and manage these risks as follows:

Solvency risk and mismatching risk - The risk that the assets do not respond to market changes in the same way as the liabilities, resulting in volatility in the funding position is addressed through the purchase of a buy-in policy with a reputable insurance provider which is expected to match the payments of the benefits due.

Strategy risk - The risk that the Investment Manager's asset allocation of the residual funds deviates from the Trustees' investment policy is addressed through regular reviews of the asset allocation. In reviewing the investment strategy on a periodic basis, the Trustees will consider the current economic factors affecting the asset classes in which they have invested and the short to medium term outlook for performance by reference to e.g. current and historic yields, GDP growth forecasts and other relevant factors.

Liquidity risk - The risk that assets cannot be sold quickly enough to enable benefits to be paid or that the Trustees cannot exit a particular investment is addressed through the process by which the administrator estimates the benefit outgo and ensures that sufficient cash balances are available, and through the Trustees' policy on realisation of assets (see below).

Inappropriate investments - The risk that an Insurance Provider invests in assets or instruments that are not considered to be appropriate by the Trustees is addressed through the Trustees' policy on the range of assets in which the Plan can invest (see section 3).

Counterparty risk - The risk that a third-party fails to deliver cash or other assets owed to the Plan is addressed through Investment Manager and Insurer guidelines with respect to cash and counterparty management. In respect of the buy-in contract, this risk has been mitigated by the Trustees taking advice on the strength of the Insurance Provider's covenant, deeming it to be stronger than that of the sponsoring employer. In addition, the Financial Services Compensation Scheme provides an extra level of security should the Insurer fail.

Custodian risk - The risk that the custodian fails to provide the services expected is addressed through the agreement with the third-party custodian and ongoing monitoring of the custodial arrangements. In pooled arrangements this is invariably delegated to the Investment Managers.

Insurance Provider risk - The risk that an Insurance Provider fails to meet their stated objective. The Trustees will regularly review the approach to risk within each Fund or Insurance Policy of the Insurance Provider to highlight any unintended risk being taken.

Fraud/Dishonesty - The risk that the Plan's assets are reduced by illegal actions is addressed through restrictions applied as to who can authorise transfer of cash and the account to which transfers can be made.

ESG risk - The risk that environmental, social and governance factors can have a material effect on the ability of meeting long-term investment objectives is addressed, to the extent that it is possible, by delegating to the Investment Managers / Insurance Providers. Further detail is provided in this Statement.

06 Realisation of assets and investment restrictions

Realisation of investments

The Plan has secured buy-in insurance policies with the Insurance Provider which provide payments to cover the benefits due to be paid from the Plan; the policies themselves are not realisable assets.

The Trustees also have an allocation to cash which was surplus received following the buy-in held in the Trustee Bank Account. The cash is expected to be utilised to cover costs over the next few years as the Plan moves towards a full buy-out

The Trustees recognise that these non-buy-in assets may need to be realised for a number of unanticipated reasons at any time.

They have considered how easily these investments can be realised and believe that the Plan currently holds an acceptable level of readily realisable assets.

The Trustees will monitor closely the extent to which any assets not readily realisable are held by the Investment Manager / Insurance Provider and will limit such assets to a level where they are not expected to prejudice the proper operation of the Plan.

The Trustees will also consider how easily investments can be realised for any new investment classes it considers investing in, to ensure that this position is maintained in the future.

The Trustees will hold cash to the extent that they consider is necessary to meet impending anticipated liability outflows, working with the Investment Consultant to determine amounts and frequency of such payments. A bank account is used to facilitate the holding of cash awaiting investment or payment.

The Plan has secured buy-in insurance policies with the Insurance Provider which provides payments.

Investment restrictions

The Trustees have established the following investment restrictions:

- The Trustees or the Insurance Provider may not hold in excess of 5% of the Plan's assets in investments related to the Principal Employer;
- Whilst the Trustees recognise that borrowing on a temporary basis is permitted, this option will only be utilised where it is deemed absolutely necessary or where the Trustees have received advice from the Investment Consultant that the Plan's overall exposure to risk can be reduced through temporary borrowing, e.g. during an asset transfer;
- Investment in derivative instruments may be made only insofar as it contributes to a reduction in risk or to facilitate efficient portfolio management.

The Insurance Provider imposes internal restrictions that are consistent with their house style. In some instances, the Trustees may impose additional restrictions, and any such restrictions are specified in the Appendix.

07 Investment Manager / Insurance Provider arrangements and fee structure

Delegation to Investment Managers / Insurance Providers

In accordance with the Act, the Trustees have previously appointed one or more Investment Managers and delegated to them the responsibility for investing the Plan's assets in a manner consistent with the Trustees' objectives.

Furthermore, the Trustees have purchased an insurance policy with the Insurance Provider, with the ultimate intention of buying-out the Plan's liabilities in full. The insurance policy is intended to be in place to meet all the benefits payable to members until such time as the buy-out has been finalised.

Within the UK, the authorisation and regulation of the Investment Managers /falls under the Financial Conduct Authority (FCA). Specific products in which the Scheme invests may also be authorised and regulated by the Prudential Regulatory Authority (PRA).

Where Investment Managers and Insurance Providers are delegated discretion under section 34 of the Pensions Act 1995, they will exercise their investment powers with a view to giving effect to the principles contained in this Statement so far as reasonably practicable. In particular, the Investment Manager / Insurance Provider must have regard to the suitability and diversification of the investments made on behalf of the Plan.

The Investment Manager / Insurance Provider will ensure that suitable internal operating procedures are in place to control individuals on making investments for the Plan.

Review process

The appointment of the Investment Manager / Insurance Provider is expected to be in existence until the point at which the ultimate buy-out of the Plan's liabilities is secured. The Trustees will, however, review the appointment of the Investment Manager / Insurance Provider in accordance with their responsibilities. Such reviews will include analysis of the Investment Manager and Insurance Provider in terms of their performance and processes and an assessment of the diversification of the assets held. The review will include consideration of the continued appropriateness of the mandate given to the Investment Manager / Insurance Provider within the framework of the Trustees' investment policies.

Any significant changes relating to the criteria below that the Investment Consultant is aware of will be highlighted, which may lead to a change in the Investment Consultant's rating for a particular mandate. These ratings help to determine an Investment Manager's or Insurance Provider's ongoing role in implementing the investment strategy. If there are concerns, the Trustees may carry out a more in-depth review of a particular Investment Manager / Insurance Provider and invite them to attend Trustee meetings as required.

The Trustees may also re-assess progress on ESG issues periodically.

Investment Manager / Insurance Provider arrangements and fee structure continued

Selection / deselection criteria

The criteria by which the Trustees will select (or deselect) the Investment Managers include:

> Parent - Ownership of the business;
> People - Leadership/team managing the strategy and client service;
> Product - Key features of the investment and the role it performs in a portfolio;
> Process - Philosophy and approach to selecting underlying investments including operational risk management and systems;
> Positioning - Current and historical asset allocation of the fund;
> Performance - Past performance and track record;
> Pricing - The underlying cost structure of the strategy;
> ESG - Consistency and extent to which ESG analysis is incorporated into the process of selecting underlying investments.

Insurance Providers' fee structure

The Insurance Providers' fees are met through a combination of one or both of the following:

> A margin added to the cost of securing the benefits at the time of securing the buy-in policy.

> Any assets that exceed the required Plan benefits paid out, throughout the life of the policy.

Other Investment Managers' fee structure

The Investment Managers responsible for the non-buy-in assets are remunerated by receiving a percentage of the Plan's assets under management and, in some cases, through the application of a flat fee. Details of the fee arrangements are set out in Appendix II. It is felt that this method of remuneration provides appropriate incentives for the Investment Managers to target performance in line with the Trustees' objectives whilst also adhering to the level of risk specified by the Trustees.

Portfolio turnover - Insurance Provider

Given that the Trustees have secured buy-in policies with the Insurance Provider, the portfolio turnover on the underlying assets and the associated costs are a matter for the Insurance Provider.

Portfolio turnover - Investment Manager

The Trustees require the Investment Managers to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

The Trustees do not believe it appropriate to set a specific turnover target or limit, but they expect their Investment Managers to keep turnover to a minimum and be able to justify any turnover in terms of improved performance or reduced risk.

Investment Consultant's fee structure

The Investment Consultant is remunerated for work completed on a fixed fee basis, a time-cost basis or via a project fee. It is felt that this method of remuneration is appropriate because it enables the Investment Consultant to provide the necessary advice and information to facilitate the Trustees in undertaking their responsibilities.

Oversight of Investment Manager / Insurance Provider approach

To ensure sufficient oversight of the engagement and voting practices of their Investment Managers or Insurance Providers, the Trustees may periodically meet with these parties to discuss engagement which has taken place. The Trustees will also expect their Investment Consultant to engage with the Investment Manager / Insurance Provider from time to time as needed and report back to the Trustees on the stewardship credentials of these organisations.

The Trustees will then discuss the findings with the Investment Consultant, in the context of their own preferences, where relevant. This will include considering whether the Investment Manager / Insurance Provider is a signatory to the UK Stewardship Code. The Trustees recognise the Code as an indication of the Investment Manager / Insurance Provider being compliant with best practice stewardship standards.

08 Additional Voluntary Contribution arrangements

Provision of AVCs

The Plan provided a facility for members to pay additional voluntary contributions (AVCs) to enhance their benefits at retirement. The Trustee's objective were to provide vehicles that enabled members to generate suitable long-term returns, consistent with their reasonable expectations.

The investment funds are provided by Clerical Medical.

The Trustees selected these vehicles as they were believed to meet the Trustee's objective of providing investment options that enabled AVC members to generate suitable long-term returns, consistent with their reasonable expectations.

Review process

The Trustees s recognise that members' AVC arrangements cannot remain within the Plan's trust at the point at which it is ultimately bought out. The Trustees s will, therefore, seek to make alternative arrangements for their AVCs in the interim.

Prior to their reassignment, the Trustees acknowledges that the appointment of the AVC providers and the choice of AVC funds offered to members will need to be reviewed by the Trustees in accordance with their responsibilities. The Trustees will therefore carry out reviews at an appropriate level on a periodic basis.

Where possible, performance of the AVC providers will be measured relative to the individual benchmarks and objectives for the funds offered and/or to other providers offering similar fund options as measured in industry AVC surveys.

09 Compliance statement

Confirmation of advice

Before a Statement of Investment Principles, as required by the Pensions Act 1995, is prepared or revised by the Trustees of a pension plan, they must have consulted with the principal employer and obtained and considered the written advice of a person who is reasonably believed by it to be qualified by his ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of such plans.

The Investment Consultant hereby confirms to the Trustees that they have the appropriate knowledge and experience to give the advice required by the Act.

Trustees' declaration

The Trustees confirm that this Statement of Investment Principles reflects the Investment Strategy they have decided to implement. The Trustees acknowledge that it is their responsibility, with guidance from the Advisers, to ensure the assets of the Plan are invested in accordance with these Principles.

Signatures

This Statement of Investment Principles has been approved by the Trustees and subsequently signed. For security reasons, signed copies of this statement are only available upon request.

Appendix I
Investment strategy & structure

Overall strategy

Following the purchase of the insurance buy-in contract, the Trustees just have a single mandates remaining with LGIM, due to a small amount of residual non-buy-in assets being held in a cash fund (the Sterling Liquidity Fund). Other non-buy-in assets are held as cash within the Trustees' Bank Account.

The investment strategy and asset allocation is set out in the table below.

Investment Manager/Insurance Provider	Asset Class	Long term Target Allocation (%)
Aviva	Insurance Policy (comprises of a mixture of fixed and index-linked gilts)	100.0
Total		**100.0**

Rebalancing and cashflow

The Trustees review the asset allocation on a periodic basis to ensure that the Plan's assets are allocated in a manner that is consistent with the objectives as detailed in this Statement.

There is no automatic rebalancing back to the target, however the Trustees will periodically review the position and take action to rebalance if considered appropriate.

Appendix II
Fund benchmarks, objectives & fees

Fund	Benchmark index	Objective
Legal & General Investment Management Sterling Liquidity Fund	Sterling Overnight Index Average ("SONIA")	The fund aims to offer access to liquidity whilst providing capital stability. The investment objective of the fund is to provide diversified exposure and a competitive return in relation to SONIA (Sterling Overnight Index Average).

Fund	Annual management charge (AMC)	Platform charge	Additional charges	Ongoing charges figure (OCF) (=AMC + platform charge + additional charges)
Legal & General Investment Management Sterling Liquidity Fund	Please refer to LGIM for more information regarding the charges for this Fund.			

Contact us

xpsgroup.com

XPS Pensions Consulting Limited, Registered No. 2459442.

XPS Investment Limited, Registered No. 6242672.

XPS Pensions Limited, Registered No. 3842603.

XPS Administration Limited, Registered No. 9428346.

XPS Pensions (RL) Limited, Registered No. 5817049.

Trigon Professional Services Limited, Registered No. 12085392.

Penfida Limited Registered No. 08020393.

Polaris Actuaries and Consultants Ltd,Registered No. 09640309.

All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

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