Statement of Investment Principles

For the Trustees of the Kemira GrowHow UK Limited Pension Fund (DB and DC Sections)

Effective June 2022

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 Kemira GrowHow UK Limited Pension Fund ('the Fund"). It describes the investment policy being pursued by the Trustees of the Fund 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.

This document is supplemented by a separate document containing additional data, the Statement of Investment Arrangements ('the SIA').

Fund details

The exclusive purpose of the Fund 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 Fund has two sections – the Defined Benefit ('DB') Section and the Defined Contribution ('DC') Section. This Statement covers both sections.

Advice and consultation

In preparing this Statement, the Trustees have consulted a suitably qualified person by obtaining written advice from Mercer Limited ('Mercer') in respect of the DB Section and XPS in respect of the DC Section.

In addition, consultation has been undertaken with CF Fertilisers UK Limited (the "Principal Employer") to ascertain whether there are any material issues of which the Trustees should be aware in agreeing the Fund's investment arrangements and, in particular on the Trustees' objectives.

Investment powers

The Fund'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 delegates responsibility for the selection of the specific securities and any financial instruments in which the Fund invests to the Investment Managers.

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 Fund, its liabilities, finances or attitude to risk of either the Trustees or Principal Employer or changes in the demographic profile of relevant members which they judge to have a bearing on the stated investment policy.

Definitions

Capitalised terms in this document mean the following:

Act - The Pensions Act 1995 (as amended by subsequent legislation);

AVCs - Additional Voluntary Contributions;

DB – Defined Benefits

DC – Defined Contributions

Fund – The Kemira GrowHow UK Limited Pension Fund;

Investment Consultant – an organisation appointed to provide investment advice to the Trustees

Investment Manager – An organisation appointed by the Trustees to manage investments on behalf of the Fund;

Principal Employer – CF Fertilisers UK Limited;

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

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

Statement of Investment Arrangements ('SIA') – a separate document that sets out further detail about the Fund's investment arrangements

Technical Provisions - The amount required, on an actuarial calculation, to make provision for the DB Section's liabilities;

Trust Deed and Rules - the Fund's Trust Deed and Rules dated 13 November 1998, as subsequently amended;

Trustees – the collective entity responsible for the investment of the Fund's assets and managing the administration of the Fund;

Value at Risk - a technique which uses historical correlations of asset class returns and volatilities to estimate the likely worst-case scenario loss for a given portfolio of assets.

02 Strategic investment policy and objectives

Choosing investments

The Trustees have appointed Mercer to act as discretionary investment manager of the DB Section. XPS Pensions Group has been appointed as Investment Consultant of the DC Section. The Trustees rely on professional Investment Managers for the day-to-day management of the Fund's assets, in addition to Mercer's appointment. However, the Trustees retain control over some investments. In particular, the Trustees make decisions about pooled investment vehicles in which the Fund invests and any AVC investment vehicles.

The Trustees' policy is to regularly review the investments over which they retain control and to obtain written advice about them when necessary. When deciding whether or not 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. The written advice will consider suitability of the investments, the need for diversification and the principles within this Statement. The adviser will have the knowledge and experience required under Section 36(6) of the Act.

For the DB Section, the long-term intention is that following further analysis, Mercer's Dynamic De-risking Solution is used, inclusive of de-risking triggers. This Statement reflects that position.

Mercer's Dynamic De-risking Solution implements the Trustees' investment strategy whereby the level of investment risk reduces as the Fund's funding level improves. In this capacity, and subject to agreed restrictions, the Fund's assets are invested in multi-client collective investment schemes ("Mercer Funds"). The Mercer Funds are domiciled in Ireland (for traditional asset classes). The Ireland-domiciled collective investment schemes are managed by a management company (Mercer Global Investments Management Limited ("MGIM")), this entity has appointed Mercer Global Investments Europe Limited ("MGIE") as investment manager of the Mercer Funds.

In practice, assets in the Mercer Funds are invested with third party fund managers based in countries such as Ireland, UK and USA. Mercer and its affiliates have expertise in identifying, selecting and combining highly rated fund managers who are best placed and resourced to manage the Fund's assets on a day to day basis.

In considering appropriate investments for the Fund, the Trustees have obtained and considered the written advice of Mercer, whom the Trustees believe to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

Long-term objectives: DB Section

The Trustees understand that taking some investment risk, with the support of the Principal Employer, is necessary to improve the Fund's current and ongoing solvency funding positions. The Trustees recognise that equity (and other growth asset) investment will bring increased volatility to the funding level, but in the expectation of improvements in the Fund's funding level through equity (and other growth asset) outperformance of the liabilities over the long term.

The Trustees' primary objective is to act in the best interest of its members and ensure that the obligations to the beneficiaries of the Fund can be met. In meeting this objective the Trustees' further objectives are to:

- Reach a position such that the Fund's assets would be sufficient to meet the liabilities as determined, in the event of the Fund winding-up, on the basis of a buyout with an insurance company.
- By means of an agreed combination of investment return and funding budget from the Principal Employer, move the Fund to a position of being fully funded on a de-risked funding basis using a Gilts + 0.25% p.a. basis.
- In doing so, to opportunistically reduce the degree of risk in the Fund's investment arrangements, thereby helping to protect the Fund's improving funding position.

The Trustees recognise this ultimately means investing in a portfolio of bonds but believe that at the current time some investment in equities and other growth assets ("Growth Portfolio") is justified to target enhanced return expectations and thereby target funding level improvements. The Trustees recognise that this introduces investment risk and these risks are discussed below.

The Trustees have agreed that the Fund should move progressively towards a target of an entirely bond-based investment strategy ("Matching Portfolio") as its funding level increases. The Trustees will monitor progress against this target.

The objectives set out above and the risks and other factors referenced in this Statement are those that the Trustees determine to be financially material considerations. Non-financial considerations are discussed in a later section.

Long-term objectives: DC Section

The Trustees' long-term objectives are to provide members with investment options that will enable them to optimise the real return on investments in order to build a fund which will be used at retirement to invest in an income drawdown product, purchase an annuity and/or be taken as a cash lump sum. The Trustees have therefore selected the investment options:

> Intended to be in the interests of members;

> In a manner designed to provide an appropriate level of security, quality, liquidity and profitability;

The Trustees recognise that the available investment options directly impact the Fund members and their expectation for their retirement provision.

The Trustees have therefore set five investment objectives for the Fund:

- > **Fiduciary** – To ensure members are given an appropriate range of investment vehicles and guidance on the suitability of these vehicles;
- > **Funding** – To give members investment opportunities that enable them to maximise the returns achieved at acceptable levels of risk;
- > **Stability** – To provide members with certain investment options which offer some protection against volatility in the capital value of their fund;
- > **Value** – To ensure that the funds represent appropriate value for money. This may include consideration of factors such as performance, volatility of returns, cost effectiveness and non-financial matters;
- > **Compliance** – To adhere to the provisions contained within this Statement and the Pension Regulator's DC code and DC regulatory guidance

Expected returns

By undertaking the investment policy described in this Statement, the Trustees expect future investment returns for the DB Section will at least meet the rate of return underlying the Recovery Plan.

For the DC Section, the Trustees anticipate that the investment options and the associated future absolute investment returns will allow members to maintain or increase the real value of their fund whilst at the same time providing them with the opportunity to invest in assets which are closely aligned to the way in which they expect to convert their fund at retirement.

The Trustees expect the long-term return on investment options that invest predominantly in equities to exceed price inflation. The long term returns on bond and cash options are expected to be lower than returns on predominantly equity options. Cash funds provide protection against changes in short-term capital values and may be appropriate for members wishing to take part or all of their DC benefits in the form of a cash lump sum.

Investment Policy – DB Section

Following advice from Mercer Limited, the Trustees have set the investment policy and objectives with regard to the Fund's liabilities and funding level.

The Trustees intend to achieve these objectives through investing in a diversified portfolio of growth assets (e.g. property, and multi asset funds) and liability matching assets (e.g. LDI, gilts, absolute return bonds). The Trustees recognise that the return on growth assets, whilst expected to be greater over the long-term than that on liability matching assets, is likely to be more volatile. A mixture across asset classes should nevertheless provide the level of returns required by the Fund to meet its liabilities at an acceptable level of risk (of underperforming the liabilities) for the Trustees, and an acceptable level of cost to the Principal Employer. The investment policy the Trustees have adopted is detailed in the SIA, along with the specific Investment Manager mandates against which performance of the assets will be assessed.

Investment Policy – DC Section

In order to meet the above objectives, the Trustees have made available a range of investment funds with different risk-reward characteristics. Further details about the individual funds available and their characteristics are provided in the SIA.

Range of assets

The Trustees consider that the investment policy for the DB Section detailed in the SIA will ensure that the assets of the Fund include suitable investments that are appropriately diversified and which provide a reasonable expectation of meeting the objectives. In setting out the mandates for the Investment Managers, the Trustees aim to ensure that the Fund holds a suitably diversified range of securities in each category, avoiding an undue concentration of assets.

For the DC Section, the amounts allocated to any individual asset class will be influenced by the choices made by the members and may vary through the Investment Managers' tactical asset allocation preferences at any time, within the restrictions imposed under individual fund investment parameters.

Again, the Trustees will ensure that the investment options made available to members of the DC Section hold a suitably diversified range of securities, avoiding an undue concentration of assets. In addition, the Trustees will ensure the range of assets is otherwise suitable to meet the investment objectives, as set out in the SIA.

Based on the structure set out in the SIA, the Trustees consider the arrangements with the Investment Managers to be aligned with the Fund's overall strategic objectives. Details of each specific mandate are set out in agreements and pooled fund documentation with each Investment Manager. The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Managers' tactical asset allocation preferences at any time, within any scope given to them through asset allocation parameters set by the Trustees or governing the pooled funds in which the Fund is invested.

The Trustees will ensure that the Fund's assets are invested in regulated markets as far as possible to maximise their security.

03 Responsible investment

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.

As noted above, the Trustees have appointed Mercer to act as discretionary investment manager in respect of the Fund's DB Section and such assets are invested in a range of Mercer Funds managed by MGIE. Asset managers appointed to manage the Mercer Funds are expected to evaluate ESG factors, including climate change considerations, and exercise 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 consider how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers in the monitoring process. Mercer, and MGIE, is expected to provide reporting to the Trustees on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios.

The Trustees use XPS Pensions Group as the Investment Consultant for the DC Section of the Fund and take advice from them in relation to Responsible Investment as required and to ensure compliance with the Trustees' policies.

Member views

Member views on ESG factors are/are not taken into account in the selection, retention and realisation of investments in the DB Section.

Similarly, members' views on ESG factors are not sought on the range of funds made available through the DC Section.

Investment Restrictions

The Trustees have not set any investment restrictions directly in relation to ESG considerations.

04 Risk measurement and management

The Trustees recognise a number of risks involved in the investment of the assets of the Fund. The Trustees measure and manage these risks as follows:

Asset mismatch risk – the primary risk upon which the Trustees focus is that arising through a mismatch between the Fund's DB assets and its liabilities and the Principal Employer's ability to support this mismatch risk.

Market risk – the Trustees recognise that whilst increasing risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Fund's DB liabilities as well as producing more volatility in the Fund's funding position. In the DC Section, market risk similarly impacts upon individual member outcomes.

To control the risk outlined above, the Trustees, having taken advice, set the split between the Fund's Growth and Matching Portfolio for the DB Section such that the expected return on the overall portfolio is expected to be sufficient to meet the objectives outlined in section 2. As the funding level improves, investments will be switched from the Growth Portfolio into the Matching Portfolio with the aim of reducing investment risk.

For the DC Section, market risk is addressed through the availability of a range of asset-allocation based funds.

Hedging risk – whilst moving towards the target funding level, the Trustees recognise that even for DB assets that are invested in the Matching Portfolio there may still be a mismatch between the interest rate and inflation sensitivity of the Fund's assets and the Fund's liabilities due to the mismatch in duration between assets in the Matching Portfolio and actuarial liabilities.

Diversification risk – the Trustees recognise the risks that may arise from the lack of diversification of investments. To control this risk the Trustees have delegated the asset allocation decisions within the Growth and Matching Portfolios of the DB Section to Mercer (subject to certain restrictions). Mercer aims to ensure the asset allocation policy in place results in an adequately diversified portfolio. Mercer provides the Trustees with regular monitoring reports regarding the level of diversification within the Trustees' portfolio.

To help the Trustees ensure the continuing suitability of the current investments in the DB Section, Mercer provides the Trustees with regular reports regarding the performance of the underlying asset managers appointed within the relevant Mercer Funds to enable the monitoring of differences between the expected and experienced levels of risk and return.

For the DC Section, diversification is achieved through the availability of a range of pooled investment vehicles, each of which is diversified across a range of asset classes and/or holdings.

Investment Return risk – there is a risk that the day-to-day management of the assets will not achieve the rate of investment return expected by the Trustees.

To help diversify manager-specific risk within the context of each of the Growth and Matching Portfolios of the DB Section, the Trustees expect that the Fund assets are managed by appropriate underlying asset managers.

In the DC Section, some passively managed funds are made available to members, alongside others that are actively managed.

All managers' returns are measured against formal benchmarks and objectives and monitored regularly.

Illiquidity risk - Some of the Fund's assets may be invested in less liquid assets, in recognition of the associated risks (in particular liquidity and counterparty exposure), such investments would normally only be made with the purpose of reducing the Fund's mismatch risk relative to its liabilities or to facilitate efficient portfolio management.

The Trustees recognise the risks inherent in holding less liquid assets. The Trustees have carefully considered the Fund's liquidity requirements and time horizon when setting the investment strategy. Liquidity risk is managed by ensuring illiquid asset classes represent an appropriate proportion of the overall investment strategy. The Trustees have also imposed a liquidity restriction on new assets being added into the portfolio; no fund can be invested if it requires 180 days or more notice to redeem without explicit agreement by the Trustees.

The Fund's administrator estimates the benefit outgo and ensures that sufficient cash balances are available.

For the DC Section, assets are held in pooled funds that have daily or weekly liquidity. A notable exception is the property fund which, due to its nature, is less liquid and may be subject to contractual liquidity restrictions at times of market stress.

Currency risk – the Fund is subject to currency risk because some of the investment vehicles in which the Fund invests are denominated or priced in a foreign currency. Within the context of the Mercer Funds used in the Growth and Matching Portfolios of the DB Section, to limit currency risk, a target non-sterling currency exposure is set and the level of non-sterling exposure is managed using currency hedging derivatives such as forwards and swaps.

Political risk - The risk of an adverse influence on investment values from political intervention is reduced by diversification of the assets across many countries.

ESG risk – the Trustees recognise that environmental, social and corporate governance concerns, including climate change, have a financially material impact on return. Section 3 sets out how these risks are managed.

Custodian risk – responsibility for the safe custody of the Fund's DB assets is delegated to MGIM who has appointed State Street Custodial Services (Ireland) Limited ("State Street") as custodian of the assets invested in their vehicles. MGIM is responsible for keeping the suitability of the Custodian under ongoing review. For DC assets, custody is delegated to each fund's Investment Manager

In addition to the risks set out above, there are further risks that are specifically associated with the DC Section of the Fund, as follows:

Market risk –The risk of exposure to volatile markets, which may be less acceptable to some members, particularly near retirement, is addressed through the availability of non equity-orientated funds.

Administration risk – The risk of administrative errors leading to inaccurate member records is addressed through controls built into the cash collection/allocation procedure and through monthly reconciliations of the administration records with those held by the investment manager.

Sequencing risk (DC Section) - The risk that numerous material transactions at disadvantageous times, when markets are depressed for example, can have a detrimental impact on the capital value of a member's holding. This is addressed by gradual lifestyling changes throughout a member journey and offering member flexibilities post-retirement.

Should there be a material change in the Fund's circumstances, the Trustees will advise Mercer and / or XPS (as appropriate), who will review whether and to what extent the investment arrangements should be altered; in particular whether the current DB de-risking strategy remains appropriate.

05 Realisation of assets and investment restrictions

Realisation of investments

In recognition of the fact that funds may need to be realised for a number of unanticipated reasons at any time, and the desirability of retaining as high a degree of flexibility as possible to cater for unexpected changes in circumstances, the Trustees will monitor closely the extent to which any assets not readily realisable are held by the Investment Managers and will limit such assets to a level where they are not expected to prejudice the proper operation of the Fund.

The Trustees have considered how easily investments can be realised for the types of assets in which the Fund is currently invested. As such, the Trustees believe that the Fund currently holds an acceptable level of readily realisable assets. The Trustees will also take into account 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 necessary to meet impending anticipated liability outflows. A bank account is used for each Section to facilitate the holding of cash awaiting investment or payment.

Investment restrictions

The Trustees have established the following investment restrictions:

> The Trustees or the investment managers may not hold in excess of 5% of the Fund'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 Fund'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 they contribute to the reduction in risk or facilitate efficient portfolio management.

The Investment Managers impose 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 SIA.

06 Investment Manager Arrangements and fee structure

Trustees' policies with respect to arrangements with, and evaluation of the performance and remuneration of, asset managers and portfolio turnover costs

When engaging Mercer as discretionary investment manager of the DB Section to implement the Trustees' investment strategy outlined in this document and the SIA, the Trustees are concerned that, as appropriate and to the extent applicable, Mercer is incentivised to align its strategy and decisions with the profile and duration of the liabilities of the Fund, in particular, long-term liabilities.

As Mercer manages the Fund's assets by way of investment in Mercer Funds, which are multi-client collective investment schemes, the Trustees accept that they do not have the ability to determine the risk profile and return targets of specific Mercer Funds but the Trustees expect Mercer to manage the assets in a manner that is consistent with the Trustees' overall investment strategy. The Trustees have taken steps to satisfy itself that Mercer has the appropriate knowledge and experience to do so and keeps Mercer's performance under ongoing review.

Should Mercer fail to align its investment strategies and decisions with the Trustees' policies, it is open to the Trustees to disinvest some or all of the assets invested managed by Mercer, to seek to renegotiate commercial terms or to terminate Mercer's appointment.

To evaluate performance, the Trustees receive, and consider, investment performance reports produced on a quarterly basis, which presents performance information and commentary in respect of the Fund's funding level and the Mercer Funds in which the Trustees are invested. Such reports have information covering fund performance for the previous three months, one-year, three years and since inception. The Trustees review the absolute performance and relative performance against a portfolio's and underlying investment manager's benchmark (over the relevant time period) on a net of fees basis. The Trustees' focus is on the medium to long-term financial and non-financial performance of Mercer and the Mercer Funds.

Neither Mercer nor MGIE make investment decisions based on their assessment about the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying third party asset managers appointed by MGIE to manage assets within the Mercer Funds. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term. The Trustees are, however, able to consider Mercer's and MGIE's assessment of how each underlying third party asset manager embeds ESG into their investment process and how the manager's responsible investment philosophy aligns with the Trustees' own responsible investment policy. This includes the asset managers' policies on voting and engagement. Section 7 provides further details of the steps taken, and information available, to review the decisions made by managers, including voting history and the engagement activities of managers to identify decisions that appear out of line with a Mercer Fund's investment objectives or the objectives/policies of the Fund.

The asset managers are incentivised as they will be aware that their continued appointment by MGIE may be based, at least in part, on their success in meeting expectations.

The Trustees are a long-term investor and is not looking to change its investment arrangements on an unduly frequent basis. However, the Trustees do keep those arrangements under review, including the continued engagement of Mercer using, among other things, the reporting described above.

The Trustees monitor, and evaluate, the fees they pay for asset management services on an ongoing basis taking into account the progress made in achieving its investment strategy objectives as outlined in section 5. Mercer's, and MGIE's, fees are based on a percentage of the value of the Fund's assets under management which covers the design and annual review of the de-risking strategy, and investment management of the assets. In addition, the underlying third party asset managers of the Mercer Funds also charge fees based on a percentage of the value of the assets under management. In some instances, some of the underlying managers may also be entitled to charge fees based on their performance.

MGIE reviews the fees payable to third party asset managers managing assets invested in the Mercer Funds on a regular basis with any negotiated fee savings passed directly to the Fund. Mercer's and MGIE's and the third party asset managers', fees are outlined in a quarterly investment strategy report prepared for the Trustees, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee.

Details of all costs and expenses are included in the Mercer Fund's Supplements, the Report & Accounts and within the Fund's annualised, MiFID II compliant Personalised Cost & Charges statement. The Fund's Personalised Cost & Charges statement also include details of the transaction costs associated with investment in the Mercer Funds.

The Trustees do not have an explicit targeted portfolio turnover range, given the de-risking mandate, but rebalancing ranges have been designed to avoid unnecessary transaction costs being incurred by unduly frequent rebalancing. Other that in respect of private markets investments where turnover in the Mercer Funds does not usually apply, performance is reviewed net of portfolio turnover costs, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE.

Within the DC Section, the Trustees ask 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.

Review process

The Trustees will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustees reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

Investment Managers' fee structure

The Investment Managers are remunerated by receiving a percentage of the Fund's assets under management. It is felt that this method of remuneration provides appropriate incentives for the Investment Managers to target the agreed level of outperformance whilst adhering to the level of risk specified by the Trustees. In respect of the DB Section, Mercer are remunerated by receiving a percentage of the Fund's assets under management, which also allows the Trustees to receive investment consultancy services as set out in the Engagement Letter between Mercer and the Trustees.

Details of the fee arrangements in place for each Investment Manager are set out in the SIA.

07 Additional Voluntary Contribution arrangements

Provision of AVCs

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

The investment funds were provided by Equitable Life (now Utmost Life) and Legal & General (now ReAssure).

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

Review process

The appointment of the AVC providers and the choice of AVC funds offered to DB members will be reviewed by the Trustees in accordance with their responsibilities, based on the result of the monitoring of performance and process. The Trustees will review the appointment of the AVC providers periodically in the light of their performance.

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.

08 Compliance Statement

Trustees' declaration

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

This Statement has been drawn up with reference to current legislation and best practice. It will be reviewed at least every three years, or following any significant changes to the Principal Employer's ability or willingness to support the Fund, or in the light of any significant changes to the Fund's profile.

The Trustees annually review the implementation of the principles set out in this Statement.

Ratified on behalf of the Trustees

February 2023