OMYA UK PENSION SCHEME
STATEMENT OF INVESTMENT PRINCIPLES

20 FEBRUARY 2024

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1 INTRODUCTION

This Statement of Investment Principles ("the Statement") has been prepared by the Trustees of the Omya UK Pension Scheme ("the Scheme") in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

The Statement outlines the principles governing the investment policy of the Scheme and the activities undertaken by the Trustees to ensure the effective implementation of these principles.

In preparing the Statement, the Trustees have:

- Obtained and considered written advice from a suitably qualified individual, employed by their investment consultants, Mercer Limited ("Mercer"), whom it believes to have a degree of knowledge and experience that is appropriate for the management of its investments; and
- Consulted with the Sponsoring Employer, although it affirms that no aspect of its strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.

The advice and the consultation process considered the suitability of the Trustees' investment policy for the Scheme.

The Trustees will review the Statement formally at least every three years to coincide with the triennial Actuarial Valuation or other actuarial advice relating to the statutory funding requirements. Furthermore, the Trustees will review the Statement without delay after any significant change in its investment policy. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Sponsoring Employer.

2 INVESTMENT OBJECTIVES

The Trustees' primary investment objective for the Scheme is to ensure that members' benefit entitlements are met as and when they fall due.

The Trustees aim to achieve this objective by transferring responsibility for meeting all the Scheme's pension obligations to a regulated insurance company. To this end, the Trustees have purchased a bulk annuity policy with Just Group plc ("Just") with the anticipation of converting this to a "buy-out" and subsequently winding up the Scheme. Prior to wind-up, additional payments or expenses will be met from the Scheme's residual assets, cash balances and/or payments from the Sponsor.

Given the Trustees' objectives, while members will continue to receive payments in the long term (from Just, once buy-out has been achieved), the Trustees' investment horizon is expected to be short.

3 INVESTMENT RESPONSIBILITIES

The Trustees are responsible for setting the investment objectives and determining the strategy to achieve the objectives. They carry out their duties and fulfil their responsibilities as a single body.

The duties and responsibilities of the Trustees include, but are not limited to, the following tasks and activities:

- The regular approval of the content of the Statement
- The appointment and review of the Investment Adviser
- The assessment of the risks assumed by the Scheme at total Scheme level
- The compliance of the investment arrangements with the principles set out in the Statement

3.2. INVESTMENT ADVISER'S DUTIES AND RESPONSIBILITIES

The Trustees have appointed Mercer as the Investment Adviser to the Scheme. Mercer provides advice as and when the Trustees require it, as well as raising any investment-related issues, which it believes the Trustees should be aware of. Matters on which Mercer expects to provide advice to the Trustees include the following:

- Setting of investment objectives
- Determining investment strategy and asset allocation
- Determining an appropriate investment structure

The Trustees may seek advice from Mercer with regard to both strategic and tactical investment decisions (see Section 4 - Investment Strategy); however, they recognise that they retain the responsibility for all such decisions.

Any services provided by Mercer are remunerated either on a time-cost basis or based on a fixed fee as agreed with Mercer.

Mercer does not receive commission or any other payments in respect of the Scheme that might affect the impartiality of their advice.

The Trustees are satisfied that this is the most appropriate adviser remuneration structure for the Scheme.

Mercer is authorised and regulated by the Financial Conduct Authority ("FCA").

3.3. ARANGEMENTS WITH INVESTMENT MANAGERS

The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis.

The Trustees, after considering appropriate investment advice, have entered into a bulk annuity policy with Just. Just have underwritten the Scheme's liabilities, and will therefore invest in such a manner to ensure that the liabilities will be paid as and when they fall due.

The Trustees paid a premium to Just in November 2023. There are no ongoing or performance related fees in respect of the policy.

Just is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA.

The primary responsibility of Just is to ensure that the correct amounts as specified under the bulk annuity policy are paid to the Scheme.

As the Trustees will no longer appoint Investment Managers to manage assets on behalf of the Scheme, the Trustees do not consider how Investment Manager appointments are aligned with investment strategy, how

Investment Managers are incentivised to consider long-term financial and non-financial performance, how Investment Managers are evaluated and remunerated, portfolio turnover costs or Investment Manager turnover.

The Trustees note that post entering the bulk annuity policy, some residual assets remain in the form of the PIP III Private Debt Fund, which is an illiquid investment and therefore cannot be easily realised. The PIP III Private Debt Fund is managed by a professional investment manager, Mercer Alternatives AG, who is authorised and regulated by the FCA.

The PIP III Private Debt Fund in its maturing phase and is in the process of returning capital via distributions. Any distributions received may be used to meet additional cashflow requirements not covered by the bulk annuity.

In addition, a cash balance is retained in the event that the PIP III Private Debt Fund makes any drawdown requests.

3.4. SCHEME ACTUARY’S DUTIES AND RESPONSIBILITIES

The Scheme Actuary’s responsibilities include the following:

- Liaising with the Investment Adviser regarding the suitability of the Scheme’s investment strategy given the financial characteristics of the Scheme
- Assessing the funding position of the Scheme and advising on the appropriate response to any shortfall
- Performing the triennial (or more frequent, as required) valuations and advising on the appropriate contribution levels

3.5. ADMINISTRATOR’S DUTIES AND RESPONSIBILITIES

The Administrator’s responsibilities include the following:

- Ensuring there is sufficient cash available to meet benefit payments as and when they fall due
- Paying benefits and making transfer payments

4 INVESTMENT STRATEGY

SETTING INVESTMENT STRATEGY

The Trustees have determined their investment strategy after considering the Scheme's liability profile and requirements of the Statutory Funding Objective, their own appetite for risk, the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustees have also received written advice from its Investment Adviser.

The Trustees have used the Scheme's liquid assets to purchase a bulk annuity with Just. The Trustees have taken appropriate advice to satisfy themselves that Just has the appropriate knowledge and experience.

A residual allocation remains in the PIP III Private Debt Fund, which is in its maturing phase and is in the process of returning capital to investors via distributions.

The Scheme also holds cash in the Trustee Bank Account to meet additional cashflow requirements.

4.2. INVESTMENT DECISIONS

The Trustees distinguish between three types of investment decision: strategic, tactical and stock-level.

Strategic Investment Decisions

These decisions are long-term in nature and are driven by an understanding of the objectives, needs and liabilities of the Scheme.

The Trustees takes all such decisions themselves. They do so after receiving written advice from their Investment Adviser and consulting with the Sponsoring Employer. Examples of such decisions and of tasks relating to the implementation of these decisions include the following:

- Setting investment objectives
- Reviewing the investment objectives

Tactical Investment Decisions

These decisions are short-term and based on expectations of near-term market movements. Such decisions may require the timing of entry into, or exit from, an investment market or asset class.

Tactical investment decisions are no longer relevant given that a bulk annuity has been secured.

Stock Selection Decisions

All such decisions are the responsibility of the Just as bulk annuity provider.

4.3. TYPES OF INVESTMENTS TO BE HELD

The Trustees are permitted to invest across a wide range of asset classes, including, but not limited to, a bulk purchase annuity policy.

After considering the Scheme's Investment Objectives (as set out in Section 2 of this Statement), the Trustees concluded that the majority of the Scheme's assets should be invested in a bulk annuity policy with Just Group plc ("Just"), underwriting the Scheme's liabilities.

4.4. FINANCIALLY MATERIAL CONSIDERATIONS

The Trustees recognise that they must consider all factors that have the ability to impact the financial performance of the Scheme’s investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (“ESG”) factors.

The Trustees recognise that ESG factors, such as climate change, can influence the investment performance of the Scheme’s portfolio and it is therefore in members’ and the Scheme’s best interests that these factors are taken into account within the investment process.

The Trustees note that the annuity policy makes contractual payment to the Scheme dependent only on the benefits payable under the policy. As a result, the Trustees have minimal direct exposure to risks arising from long-term sustainability issues, including climate change. They are however satisfied that Just apply due consideration to ESG issues in the investment of assets underlying the policy.

4.5. NON-FINANCIAL CONSIDERATIONS

The Trustees only considers factors that are expected to have a financial impact on the Scheme’s investments. Non-financial considerations, such as ethical views, are not implemented in the current investment strategy.

4.6. STEWARDSHIP

The majority of the Scheme’s assets are invested in a bulk annuity policy. The Trustees’ therefore have no direct ability to engage with or vote on companies in which the policy invests, and expect Just to use their discretion to act in the long term financial interests of the policy holders.

5 RISK

The Trustees are aware, and seek to take account of a number of risks in relation to the Scheme's investments. Under the Pensions Act 2004, Trustees are required to state their policy regarding the ways in which risks are to be measured and managed. These are set out below.

Credit

- This is the risk that is associated with the inability of a borrower to repay, in full or part the monies which it owes to a creditor.
- The bulk annuity represents a concentration of risk that the provider does not make the required payments. As the policy is governed by insurance market solvency regulations, the Trustees believe this risk is low and have mitigated it by taking appropriate advice over the provider and their contract terms.

Currency

- This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, the Scheme may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.
- The Scheme's exposure to currency risk is considered minimal following the purchase of the annuity and given the relatively small amount of residual assets held.

ESG

Environmental

- This risk that improper, or inadequate, consideration of environmental factors could lead to adverse investment performance and / or reputational damage to the Scheme.
- The day to day management of environmental risk is the responsibility of the companies in which the Scheme's bulk annuity provider has invested. It is the responsibility of the bulk annuity provider to ensure that these companies have sufficient procedures and processes in place in order to mitigate this risk as far as is reasonably possible.

Social

- This is the risk that social factors are not properly considered within the investment decision making process. Social risks can arise both within and external to a company, e.g. internal factors could include workplace health & safety whilst external factors may include a company's impact on the area surrounding their place of business.
- The day to day management of social risk is also the responsibility of the companies in which the Scheme's bulk annuity provider invests. It is the responsibility of the bulk annuity provider to ensure that these companies have sufficient procedures and processes in place in order to mitigate these risks as far as is reasonably possible.

Governance

- This is the risk that corporate governance factors are not properly considered within the investment decision making process.
- The day to day management of corporate governance risk is also the responsibility of the companies in which the Scheme's bulk annuity provider invests. It is the responsibility of the bulk annuity provider to ensure that

these companies have sufficient procedures and processes in place in order to mitigate these risks as far as is reasonably possible.

Inflation

- This is the risk that an investment's value will change due to a change in the level of expected inflation. This affects debt instruments more directly than growth instruments.
- The Trustees recognise that the Scheme's liabilities are exposed to a significant level of inflation risk, which is minimised by matching the liabilities with an annuity held with a regulated insurance company.

Interest Rate

- This is the risk that an investment's value will change due to a change in the level of interest rates. This affects debt instruments more directly than growth instruments.
- The Trustees recognises that the Scheme's liabilities are exposed to a significant level of interest rate risk, which is minimised by matching the liabilities with an annuity held with a regulated insurance company.

Legislative

- This is the risk that legislative changes will require action from the Trustees so as to comply with any such changes in legislation.
- The Trustees acknowledge that this risk is unavoidable but will seek to address any required changes so as to comply with changes in legislation.

Liquidity

- This is monitored according to the level of cashflows required by the Scheme over a specified period. Although bulk annuities are illiquid investments and cannot be traded on regulated markets, the policy is designed to pay to the Scheme the agreed contractual payments in order to pay the Scheme's pensions as they fall due.

Manager Risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the Investment Manager's objectives, relative to the investment policy.
- The Scheme's exposure to manager risk is considered minimal following the purchase of the annuity and given the relatively small amount of residual assets held, which are in the process of maturing.

Other Price

- This is the risk that that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- The Scheme's exposure to other price risk is considered minimal following the purchase of the annuity and given the relatively small amount of residual assets held, which are in the process of maturing.

Political

- This is measured by the level of concentration in any one market leading to the risk of adverse influence on investment values arising from political intervention.
- The Scheme's exposure to political risk is considered minimal following the purchase of the annuity and given the relatively small amount of residual assets held, which are in the process of maturing.

Solvency Risk and Mismatching Risk

- These are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities.
- The Scheme's exposure to solvency risk and mismatching risks are considered minimal following the purchase of the annuity which matches the liabilities.

Sponsor

- This is assessed as the level of ability and degree of willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit.
- It is managed by assessing the interaction between the Scheme and the sponsor's business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the sponsor. Regular updates on employer covenant are provided to the Trustees by senior staff of the sponsor.
- The Scheme's exposure to Sponsor risk is considered minimal following the purchase of the annuity which matches the liabilities.

6 MONITORING OF INVESTMENT ADVISER AND INVESTMENT MANAGER

6.1 INVESTMENT ADVISER

The Trustees continually assess and review the performance of their adviser in a qualitative way, and undertake a formal review annually. In doing so, the Trustees consider the objectives they set for the investment adviser, which they review on an ongoing basis and at least every three years.

6.2 INVESTMENT MANAGERS

With the securing of the bulk annuity with Just, there is no further investment performance to monitor in relation to the Scheme's assets.

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7 CODE OF BEST PRACTICE

The Trustees note that in March 2017, the Pensions Regulator released the following guidance: 'Investment Guidance for Defined Benefit Pension Schemes'.

The Trustees have received training in relation to this guidance and are satisfied that the investment approach adopted by the Scheme is consistent with the guidance so far as it is appropriate to the Scheme's circumstances.

The Trustees meet with its investment adviser on a regular basis, monitoring developments both in relation to the Scheme's circumstances and in relation to evolving guidance, and will revise the Scheme's investment approach if considered appropriate.

8 COMPLIANCE

This Statement is available to members on request, and online at:

https://www.omya.com/en

A copy of this Scheme's is also supplied to the Sponsoring Employer, the Scheme's auditors and the Scheme Actuary.

This Statement supersedes all others.

Approved by the Trustees on 20 February 2024 ....