

Date: 8 July 2025

SABIC UK Petrochemicals Pension Scheme

Annual Chair's Statement for the Scheme Year

This statement has been prepared by the Trustee Directors of the SABIC UK Petrochemicals Pension Scheme – Defined Contribution (DC) Section (“the Scheme”) in accordance with legal requirements. It explains how the Trustee Directors have met their legal obligations in relation to the management of the defined contribution section of the Scheme over the period 1 January 2024 to 31 December 2024 (“the Scheme Year”).

This statement, along with other useful documents relating to the Scheme, can be found on the Scheme’s website: www.scottishwidows.co.uk/save/sabicuk, and here: www.sabic-teesside.co.uk/en/careers/pension. This link is also included in members’ annual benefit statements.

1. The default arrangement

i) Statement of Investment Principles

Appended to this statement is a copy of the Scheme’s latest Statement of Investment Principles (“SIP”) which governs the Trustee Directors’ decisions about investments, including their aims, objectives and policies for the Scheme’s default arrangement. In particular, the SIP covers the Trustee Directors’ investment policies on risk, return and ethical investing and how the default arrangement is intended to ensure that assets are invested in the best interests of members. The Trustee Directors will review the SIP at least every three years (or after any significant change in investment policy).

ii) Review of the default arrangements

The Trustee Directors review the appropriateness of the default arrangements on an ongoing basis and formally at least every three years (or sooner, if there is any significant change in investment policy or member demographics), to ensure that the return on investments is consistent with the Trustee Directors’ aims, objectives and policies.

Over 2023, the Trustee Directors decided to change the underlying fund of the SABIC Passive Global Equity Fund that is used in the default strategy in the DC Section of the Scheme. This ad-hoc strategic change was to increase the level of ESG integration and remove an overweight allocation to UK equity. This change took place in January 2024.

During the 2024 Scheme year, the Trustee Directors undertook the triennial review of the default strategy, the SABIC Moderate Risk (Cash or Drawdown) Lifestyle strategy, and the alternative lifestyle options, to consider changes to the investment strategy. The conclusion of the triennial review was that the strategy remained fit for purpose in line with the Trustee Directors’ objectives, however improvements could be made.

Following the review of the default strategies, the Trustee Directors agreed to increase the allocation to the passive global equity fund from 50% to 75% during the growth phase of the default and decrease the allocation to the diversified growth fund from 50% to 25%. The

objective of this change was to increase the potential pot size at retirement by taking on a higher level of risk throughout the accumulation period. The Trustee Directors also agreed to make changes to the names of the default strategy and alternative lifestyles to help avoid member confusion and ensure members are appropriately selecting the lifestyle option most appropriate for their needs. It was agreed to rename the default strategy the SABIC Balanced (cash or drawdown) Lifestyle.

In addition to the default strategy, the Trustee Directors also agreed to make changes to the alternative lifestyle options. The Moderate Risk lifestyles increased the Passive Global Equity allocation to 75% from 50% and decreased the Diversified Growth allocation from 50% to 25%. The Lower Risk lifestyles increased the Passive Global Equity allocation to 50% from 0% and decreased the Diversified Growth allocation from 100% to 50%. No changes were made to the Higher Risk lifestyles. It was also agreed to rename the lifestyle funds, SABIC Higher Risk Lifestyle will be named SABIC Adventurous Lifestyle, SABIC Moderate Risk Lifestyle will be named SABIC Balanced Lifestyle, and SABIC Lower Risk Lifestyle will be named SABIC Cautious Lifestyle.

The changes to the default strategy and alternative lifestyle options were implemented over January and February 2025.

iii) *Aims, objectives and policies relating to the Scheme's main default arrangement*

During the Scheme Year, members who did not make an active decision regarding their investment upon joining the Scheme were placed into the default strategy, SABIC Moderate Risk (Cash or Drawdown) Lifestyle strategy. Details are set out in the attached SIP and Investment Implementation Document ("IID"), with key points noted below. During the Scheme Year and prior to the changes to the default strategy:

- During the growth phase (up to ten years before the member's selected retirement date), the member is invested in a blend of 50% Diversified Growth fund and 50% Passive Global Equity fund.
- Over a five-year period prior to the member's selected retirement date, the member's assets are gradually switched to 50% in the SABIC Wealth Preservation Pension Fund and 50% in the SABIC Money Market Pension Fund. The aim is to strike a balance between continuing to grow and protecting the value of members' savings, to help prepare them to draw down their savings in retirement or take their savings as cash.
- Five additional lifestyle options are available for members to select. These invest in the same funds as the main default arrangement (but with different weightings to provide different risk levels) up to ten years from the member's selected retirement date, and then invest in different funds appropriate for the outcome being targeted at retirement.

2. Financial transactions

i) *Service level agreements*

During the Scheme Year, the Trustee Directors have reviewed the existing service agreement with their provider (Scottish Widows) as part of ongoing monitoring. The agreement contains service levels setting out the required accuracy and turnaround times of all core financial transactions.

Scottish Widows' service levels remained a concern for the Trustee Directors as they were not consistently meeting agreed service levels for time critical processes. They continue to monitor the ongoing position closely and will take any action as appropriate.

ii) *Monitoring*

The Trustee Directors regularly monitor the provider's compliance with the required service levels in respect of core financial transactions. These include the investment of contributions, fund switches and transfers into and out of the Scheme.

During the Scheme Year, the Trustee Directors ensured that such core financial transactions were processed promptly and accurately by:

- monitoring provider service levels outlined in quarterly reports from the Scheme's provider against those required by its service level agreement;
- monitoring the end-to-end process for the investment of monthly contribution payments; and
- regular operations calls between Scottish Widows and a sub-group of Trustee Directors are held, at the mid-point between each Trustee meeting, in order to continually monitor and discuss service standards and quality.

These checks demonstrated that overall the provider was operating good procedures and controls and acting within the agreed Scheme administration service level agreement. In any instance where Scottish Widows did not adhere to the agreed level of service, those members impacted by the delay were compensated by Scottish Widows to ensure they were not detrimentally impacted financially.

iii) *Accuracy of record keeping and data security*

During the Scheme Year, work was undertaken to continue to monitor the security and systems in place at the Scheme provider. The Trustee Directors also reviewed Scottish Widows' common and conditional data report, resolving any missing or incomplete member records. The Trustee Directors have audited their DB section administrators in 2024 and intend to do the same for their DC section administrators in 2025/2026.

3. *Charges and transaction costs*

i) *Charges borne by the members*

The Trustee Directors calculated the charges, as far as they were able to do so. The charges borne by the members during the period 1 January 2024 to 31 December 2024 were as follows:

Fund	Total Expense Ratio (% pa)	2024 Transaction Costs (% pa)	Average Transaction Costs (% pa)	Total Costs (% pa)
SABIC Default Lifestyle Strategy – in growth phase	0.217	0.069	0.123	0.339
SABIC Alternative Lifestyle Strategy (Lower Risk) – in growth phase	0.323	0.085	0.195	0.518
SABIC Alternative Lifestyle Strategy (Higher Risk) – in growth phase	0.110	0.052	0.050	0.160
SABIC Passive Global Equity Pension	0.110	0.052	0.050	0.160
SABIC Diversified Growth Pension	0.323	0.085	0.195	0.518
SABIC Passive Fixed Interest Gilt Pension	0.060	0.000	0.006	0.066
SABIC Money Market Pension	0.100	0.014	0.014	0.114
SABIC Passive Long Dated Corporate Bond Pension	0.090	0.000	0.000	0.090
SABIC Passive Ethical Global Equity Pension	0.250	0.010	0.003	0.253
SABIC Passive UK Equity Pension	0.060	0.049	0.051	0.111
SABIC Property Pension	0.720	0.000	0.012	0.732
SABIC Pre-Retirement Pension	0.115	0.000	0.003	0.118
SABIC Passive Index-Linked Gilt Pension	0.060	-0.062	0.037	0.097
SABIC Wealth Preservation Fund	0.360	0.066	0.063	0.423
SABIC Passive Emerging Market Equity Pension	0.303	0.000	0.004	0.307

Note: where the transaction charges for the Fund is negative, we have assumed the transaction charge of '0.000%' for the purposes of calculating the 'Average Transaction charges' and for member illustrations in the appendix. Average Transaction charges are over the last 5 years. Total costs are calculated from the Total Expense Ratio and Average Transaction Costs

During the Scheme Year the charges that applied to the Scheme's main default arrangement, the SABIC Moderate Risk (Cash or Drawdown) Lifestyle strategy, were:

- 0.339% in the period up to ten years before the member's selected retirement date
- Between 0.269% and 0.381% per annum over the de-risking period for the 10 years before the member's selected retirement age

The Total Expense Ratio (TER) measures the total cost of a fund to an investor. Minor variations in TER will occur from year to year as the funds incur some fixed costs which vary as a percentage of assets as the asset value changes. The figures above are within 0.08% of the last Scheme Year.

The member borne charges for the Scheme's default arrangements complied with the charges cap during the Scheme Year.

ii) Transaction costs

To achieve greater transparency about costs the Trustee Directors are required to provide members with additional information in relation to investment charges and core transaction costs. These are required to be set out as example member illustrations that have been prepared with regard to the relevant statutory guidance: Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes.

The Trustee Directors have requested, via their advisers, transaction costs information, covering each of the past five scheme years, for every fund in the Scheme's fund range, from the Scheme's administrator and investment platform provider Scottish Widows.

The illustrations for Scheme members are set out and explained in the Appendix.

iii) Defined benefit AVCs

In addition to the defined contribution section, the Scheme also provides defined contribution benefits in the Final Pay section via additional voluntary contributions ('AVCs').

The Trustee Directors hold assets invested separately from the assets of the defined benefit section in the form of individual policies securing additional benefits on a defined contribution basis for those members who elected to pay AVCs during active service in the defined benefit section prior to closure in 2014. These AVCs are held with Legal & General.

iv) Value for members assessment

There is no legal definition of "good value" and so the process of determining good value for members is a subjective one. The Trustee Directors, with the support of their advisers, undertake an annual value for member assessment review in respect of the Scheme Year to assess whether the Scheme represents good value for its members. The review is carried out across seven key areas, aligned to the Pensions Regulator's DC code of practice and guidance. The review includes the use of a detailed scoring mechanism. Outcomes are documented with any areas for improvement captured in the Trustee Directors' remit for the year ahead.

This review concluded that the Scheme's overall benefits continue to represent good value for the costs and charges deducted from members' accounts, for the following reasons:

- Following the investment strategy review, changes to moderate risk (including the default) and lower risk lifestyles were agreed;
- Charges for the Scheme's default investment strategy range from 0.27% to 0.38% pa which is well below the charge cap of 0.75% pa. The Trustee Directors continue to monitor the charges and potentially request further reductions on an ad-hoc basis;

- The Trustee Directors believe it offers transparency on charges for members by the inclusion and publication of transaction costs in the annual Chair’s statement and via the fund factsheets which are available on the Scottish Widows member site;
- Members receive retirement support services from Scottish Widows, the Company provides pension information presentations from Chase de Vere and offers £250 for each member toward financial adviser costs. Members also do not pay for the professional adviser costs or any associated costs with running the Scheme;
- The Trustee Directors continue to undertake robust Governance services, including four Trustee meetings per annum and they are well supported by their advisers;
- Scottish Widows administration services are carefully monitored by the Trustee Directors – including short administration-focussed meetings between full Trustee board meetings - to ensure that Scottish Widows continues to provide good member experience and outcomes;
- The Company continues to provide a competitive contribution structure with contribution levels significantly above the automatic enrolment minimums; and
- The quality of member communications and the work of the communications sub-committee continues to raise member education and engagement around pensions. Good communications help to provide members with a good understanding of their pension benefits and options throughout the pensions lifecycle. Communications in 2024 included Chase de Vere presentations, Scottish Widows seminars/webinars, and a member newsletter.

As previously noted, the assessment process is re-considered each year following discussions amongst the Trustee Directors and their advisers, with different weightings applied each year, at the Trustee Directors’ request. The Trustee Directors have discussed possible improvements following the assessment, such as:

- Continue to monitor Scottish Widows’ administration performance on a quarterly basis;
- Consider a communication focusing on investment, perhaps issued in advance of annual benefit statements;
- Consider committing to running Chase de Vere presentations and Scottish Widows seminars/webinars on an annual basis; and
- Continue to regularly review the “at retirement” process and member behaviour at retirement.

The Trustee Directors intend to continue to implement these over the next Scheme Year. Progress will be monitored.

4. Net investment returns

The Occupational Pension Schemes (Administration, Investment, Charges and Governance Amendment) Regulations 2021 introduce new requirements for trustees of DC pension schemes. From 1 October 2021, the Trustee Directors are required to calculate and state the return on investments from the default and self-select funds, net of transaction costs and charges.

i) Default Lifestyle

The Trustee Directors calculated the return on investments, as far as they were able to do so. The net investment returns for members within the default lifestyle during the periods of

1 January 2024 to 31 December 2024 and 1 January 2020 to 31 December 2024 are as follows:

Age of member at beginning of period (years)	1 Year (%)	5 Years (% p.a.)
25	12.3	5.2
45	12.3	5.2
55	12.3	4.4

Notes:

- Returns are calculated as the annual geometric mean
- Age-related returns for members in lifestyle strategies assume annual switching in the glidepath
- Performance is net of Scheme fees

ii) Self-select funds

The net investment returns for members within self-select funds with no lifestyling during the periods of 1 January 2024 to 31 December 2024 and 1 January 2020 to 31 December 2024 are as follows:

Fund	1 Year (%)	5 Years (% p.a.)
SABIC Passive Global Equity Pension	19.1	9.7
SABIC Diversified Growth Pension	5.5	0.6
SABIC Passive Fixed Interest Gilt Pension	-10.6	-10.4
SABIC Money Market Pension	5.3	2.3
SABIC Passive Long Dated Corporate Bond Pension	-7.4	-6.1
SABIC Passive Ethical Global Equity Pension	19.5	12.7
SABIC Passive UK Equity Pension	7.7	4.0
SABIC Property Pension	7.0	5.5
SABIC Pre-Retirement Pension	-3.5	-5.0
SABIC Passive Index-Linked Gilt Pension	-10.3	-8.1
SABIC Wealth Preservation Fund	5.9	1.4
SABIC Passive Emerging Market Equity Pension	10.2	2.4

5. Asset allocation

Following new guidance from the DWP, for the first scheme year ending after 1 October 2023, trustees of occupational pension schemes must disclose their full asset allocations of investments from their default arrangements.

Asset allocation disclosures

The Trustee Directors are required to disclose a breakdown of the asset allocation of the default investment strategy for the scheme. The below table sets out the asset allocation of the default across the core asset classes noted as:

- Cash
- Bonds
- Listed Equities
- Private Equities
- Infrastructure
- Property
- Private debt
- Other (any assets which do not fall into the above)

Within the below table, the Trustee Directors have provided a further breakdown within some of these broader categories.

Asset Class	Performance allocation (%)			
	25 year old	45 year old	55 year old	1 day prior to State pension age
Cash	0.5	0.5	0.5	52.4
Bonds	27.5	27.5	27.5	30.1
<i>Fixed Interest Government bonds</i>	12.0	12.0	12.0	23.8
<i>Index-linked government bonds</i>	2.2	2.2	2.2	1.5
<i>Investment grade bonds</i>	4.7	4.7	4.7	4.8
<i>Non-investment grade bonds</i>	8.7	8.7	8.7	0.0
<i>Securitised credit</i>				
Listed equities	65.5	65.5	65.5	14.9
<i>UK equities</i>	1.7	1.7	1.7	1.2
<i>Developed Market equities</i>	59.6	59.6	59.6	13.5
<i>Emerging markets</i>	4.2	4.2	4.2	0.7
Private equities				
<i>Venture capital</i>				
<i>Growth equity</i>				
<i>Buyout / Leveraged funds</i>				
Infrastructure				
Property	2.3	2.3	2.3	0.5
Private debt				
Other	4.4	4.4	4.4	2.2
Total	100.0	100.0	100.0	100.0

Note: Asset allocations based on fund holdings of the default strategy as at 31 December 2024.

6. Trustees' knowledge and Understanding (TKU)

The law requires the Trustee Directors to possess sufficient knowledge and understanding to enable them to properly exercise their functions as Trustee Directors including (in relation to a DC scheme) that they must be conversant with:

- The trust deed and rules of the scheme.

- The statement of investment principles.
- Any other scheme administration policies or scheme documents.

And they must have appropriate knowledge and understanding of:

- The law relating to pensions and trusts; and
- The principles relating to:
 - The funding of occupational pension schemes.
 - Investment of the assets of occupational pension schemes.

During the Scheme Year, each Trustee Director took ongoing action to maintain and develop their knowledge and understanding. Each Trustee Director maintains their own personal training record, which is also passed to the Trustee Directors' external adviser, Isio, to be held centrally.

In addition, regular informal training slots during Trustee meetings are held, focussing on broader risks, legislative updates and current key themes in the pensions industry. These are provided by the Trustee Directors' external advisers.

The Trustee Directors' approach to meeting the TKU requirements during the Scheme Year included:

- Regular training sessions within the Trustee meetings, which included the opportunity for discussion with advisers, to enable the Trustee Directors to learn about and discuss current legislative and regulatory requirements. As well as general legislation updates at each meeting, there were additional short training sessions on equality diversity and inclusion, and the new Regulator general code of practice;
- All the Trustee Directors hold the Regulator's trustee toolkit certificate at the Scheme Year end. The Trustee Directors refresh their trustee toolkit training every 3 years. A record of completed training is maintained; and
- The Trustee Directors are aware of, and understand, the Scheme's trust deed and rules, SIP and other documents which are used to govern the Scheme. The Trustee Directors use this knowledge, along with the support of their advisers, to make appropriate decisions as required during the year.

For these reasons, the Trustee Directors believe that their combined knowledge and understanding, together with the advice that is available to them, enables them to properly exercise their functions as the Trustee Directors of the Scheme.

Signed on behalf of the Trustee

DocuSigned by:

74170CAAABCF410...

Harbinder Bhanvra

Chair of the Trustee

APPENDIX

Illustrations of the effect of costs and charges

Background

The next pages contain illustrations about the cumulative effect of costs and charges on member savings within the Scheme over a period of time. The illustrations have been prepared with regard to statutory guidance.

As each member has a different amount of savings within the Scheme and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee Directors have had to make a number of assumptions about what these might be. The assumptions are explained in the Notes section below the illustrations.

From October 2023, the Trustee Directors are required to calculate the highest and lowest expected returning funds based to Statutory Money Purchase Illustrations (SMPI) growth rates, which is determined by the volatility of the fund over the last five years. As a result, funds that are traditionally lower-risk but have experienced high levels of volatility in the last five years, such as the Passive Index Linked Gilt Pension Fund, are assumed to be the highest expected returning fund over the members life.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future. This means that the information contained in this Chair's Statement is not a substitute for the individual and personalised illustrations which are provided to members each year by the Scheme.

Key points to note

The charges shown in this Statement and illustrated on the next pages have always been in place. These are not new charges. The only difference is that we are required by legislation to demonstrate the effect of charges on your investments. The Trustee Directors work to ensure the charges provide value for the members as set out earlier in this Statement.

Illustrations

Each of the charts below illustrates the potential impact that costs and charges might have on different investment options provided by the Scheme. Not all investment options are shown - the Trustee Directors have chosen several illustrations which they believe will provide an appropriate representative sample of the different investment choices that members can make.

In each of the illustrations, the "Before charges" column gives the hypothetical value of the investments if members were able to invest in funds at no cost. However, there will always be some cost to investing. This is because the organisations which manage the funds charge fees for their services, and because buying and selling the stocks and shares which drive the funds' performance also has a cost. The "After all costs and charges deducted" column reflects the performance of the funds after these costs have been deducted.

In the illustrations, we have shown the projections for the following:

- The Default Lifestyle Strategy (Moderate Risk (Cash or Drawdown) Lifestyle strategy)

- The fund with the lowest assumed growth, according to assumptions made in the Plan’s SMPIs (Wealth Preservation Pension Fund)
- The fund with the highest assumed growth, again according to assumptions made in the Plan’s SMPIs (Passive Index Linked Gilt Pension Fund)
- The lowest charging fund (Passive Fixed Interest Gilt Pension Fund)
- The highest charging fund (Property Pension Fund)

These funds cover a range of expected returns and charges in line with the legislation as well as covering the funds with the highest and lowest expected returns and the highest and lowest charges.

1) Illustrations for individual funds

The table below sets out the projected pot size at age 65 for a member currently aged 19 invested solely in one of the funds shown below. Please see the Notes below for more details of the projections.

Active member – 19 year old								
Years to target retire age	Wealth Preservation Pension (lowest expected return)		Passive Index Linked Gilt Pension (highest expected return)		Passive Fixed Interest Gilt Pension (lowest charging)		Property Pension (highest charging)	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	16,309	16,254	17,072	17,060	16,818	16,810	16,564	16,470
3	30,598	30,347	34,322	34,259	33,046	33,004	31,805	31,359
5	44,463	43,904	53,159	53,007	50,095	49,996	47,199	46,179
10	77,344	75,578	108,189	107,595	96,590	96,229	86,362	82,928
15	107,833	104,321	176,767	175,307	149,195	148,369	126,514	119,253
20	136,102	130,404	262,227	259,300	208,713	207,169	167,680	155,157
25	162,314	154,074	368,726	363,487	276,051	273,481	209,886	190,647
30	186,618	175,554	501,443	492,724	352,239	348,264	253,157	225,727
35	209,153	195,046	666,832	653,035	438,438	432,600	297,521	260,401
40	230,048	212,734	872,937	851,889	535,965	527,711	343,005	294,675
45	249,422	228,786	1,129,782	1,098,554	646,307	634,971	389,638	328,553
46	253,124	231,813	1,188,289	1,154,591	670,058	658,014	399,105	335,281

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65

3. The member is assumed to have a pot of £9,000
4. Inflation is assumed to be 2.5% each year.
5. Gross contributions for active members of £625 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
6. Values shown are estimates and are not guaranteed.
7. The projected annual growth rates in relation to inflation for each fund are:
 - Wealth Preservation Pension: -1.5%
 - Passive Index Linked Gilt Pension: 4.5%
 - Passive Fixed Interest Gilt Pension: 2.5%
 - Property Pension: 0.5%
8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.

The table below sets out the projected pot size at age 65 for a member currently aged 48 invested solely in one of the funds shown below. Please see the Notes below for more details of the projections.

Active member – 48 year old								
Years to target retire age	Wealth Preservation Pension (lowest expected return)		Passive Index Linked Gilt Pension (highest expected return)		Passive Fixed Interest Gilt Pension (lowest charging)		Property Pension (highest charging)	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	152,077	151,450	160,964	160,821	158,003	157,904	155,041	153,956
3	171,781	169,809	201,490	200,985	191,219	190,884	181,318	177,785
8	218,511	212,704	319,880	317,931	281,802	280,617	248,170	236,874
10	236,237	228,729	75,030	372,236	321,285	319,642	275,381	260,318
13	261,840	251,630	467,416	462,995	384,289	381,813	316,710	295,281
17	294,222	280,161	611,194	603,782	475,894	472,002	372,785	341,520

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65
3. The member is assumed to have a pot of £142,000
4. Inflation is assumed to be 2.5% each year.
5. Gross contributions for active members of £1,025 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
6. Values shown are estimates and are not guaranteed.

7. The projected annual growth rates in relation to inflation for each fund are:
- Wealth Preservation Pension: -1.5%
 - Passive Index Linked Gilt Pension: 4.5%
 - Passive Fixed Interest Gilt Pension: 2.5%
 - Property Pension: 0.5%
8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.

2) Illustrations for the default strategy

Most members are in the default strategy. The table below sets out how a member aged 19 and a member aged 48 will see their pots grow with and without charges in the period to their retirement. Please see the Notes section below for more details on the projections.

Years to target retire age	Age now: 19		Age now: 48	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	16,691	16,648	156,522	156,020
2	24,497	24,385	171,262	170,202
7	65,321	64,436	248,344	243,624
12	109,300	106,868	317,929	307,980
17	156,678	151,820	363,630	349,053
21	197,204	189,698	-	-
26	251,375	239,572	-	-
31	309,733	292,409	-	-
36	372,601	348,385	-	-
41	421,737	389,983	-	-
46	439,521	403,046	-	-

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65
3. The starting pot size is assumed to be £9,000 for the 19-year-old and £142,000 for the 48-year-old
4. Inflation is assumed to be 2.5% each year.
5. Gross contributions for young active members of £625 per month and £1,025 for median active members are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
6. Values shown are estimates and are not guaranteed.
7. The projected real annual growth rates (after inflation) for each period to the members retirement age are:
 - 1.50% for periods up to 10 years to retirement
 - 1.20% for 9 years to retirement, reducing to

- 0.00% for 5 years to retirement, reducing to
- -1.50% at retirement age

8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.

SABIC UK Petrochemicals Pension Scheme
Statement of Investment Principles (“SIP”)

Introduction

Under the Pensions Act 1995 (as updated by the Pensions Act 2004), the SABIC UK Pension Trustee Limited (“the Trustee”) as Trustee of the SABIC UK Petrochemicals Pension Scheme (“the Scheme”) are required to prepare a statement of the principles governing investment decisions.

This Statement of Investment Principles (“the SIP”) covers both the Defined Benefit and the Defined Contribution sections of the Scheme. Details of the implementation of the Scheme’s investment principles along with the Trustee’s governance policy, are set out in a separate document, the Investment Implementation Document (“IID”). The Defined Benefit Section’s investment objectives and strategy were derived from the Trustee’s Investment Beliefs, which have been taken into account at all stages of planning, implementation and monitoring of the investment strategy.

The Trustee has consulted the principal sponsoring employer, SABIC UK Petrochemicals Limited (“the Sponsor”), on the principles set out in this statement and will consult the Sponsor on any changes to it. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.

Update to this Statement

Over 2023, the Trustee decided to change the underlying fund of the SABIC Passive Global Equity Fund that is used in the default strategy in the DC Section of the Scheme. This was to address two key issues, namely the level of UK equity exposure and inclusion of ESG integration. The previous Fund, the LGIM Global Equity (30:70) – 75% GBP Currency Hedged Fund had a 30% allocation to UK equities which is significantly out of line with market capitalisation weightings. The Fund also did not integrate any ESG considerations, which the Trustee was looking to include in the default. In January 2024, the underlying fund changed to the BlackRock ACS Climate Transition World Equity Fund which addressed both issues.

During 2024, the Trustee decided to amend the moderate and lower risk default strategies in the DC Section of the Scheme. The moderate risk strategies have been renamed the SABIC Balanced (cash or drawdown) and SABIC Balanced (annuity) Lifestyle. The Balanced Lifestyle has increased equity exposure during the growth phase, increasing exposure in the SABIC Passive Global Equity Fund allocation from 50% to 75% and reducing the SABIC Diversified Growth Fund allocation from 50% to 25%.

The lower risk strategies have been renamed the SABIC Cautious (cash or drawdown) and SABIC Cautious (annuity) Lifestyle. The Cautious Lifestyle has increased equity exposure during the growth phase, introducing a 50% allocation to the SABIC Passive Global Equity Fund and reducing the SABIC Diversified Growth Fund allocation from 100% to 50%.

The higher risk strategies have been renamed the SABIC Adventurous (cash or drawdown) and SABIC Adventurous (annuity) Lifestyle. There have not been any changes to the Adventurous Lifestyle, which continues to have a 100% allocation to the SABIC Passive Global Equity Fund allocation during the growth phase.

Investment mandates

While the Trustee retains strategic management of the Scheme's assets, a number of professional investment managers have been appointed for day-to-day management of the assets, as detailed in the Scheme's Investment Implementation Document ("IID").

All the investment managers are authorised and regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000 as amended by the Financial Services Act 2012 and/or by the US Securities and Exchange Commission. All decisions about the day-to-day management of the assets have been delegated to the investment managers via a written agreement. The delegation includes decisions about:

- Selection, retention and realisation of investments including taking into account all financially material considerations in making these decisions;
- Social, environmental and ethical considerations in the selection, retention and realisation of investments;
- The exercise of rights (including voting rights) attached to the investments;
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustee has taken steps to satisfy itself that the managers have the appropriate knowledge and experience for managing the Scheme's investments and that they are carrying out their work competently. The Trustee takes the investment managers' policies on the above items into account when selecting and monitoring them. The investment managers are expected to exercise their powers of investment with a view to giving effect to the principles contained within this statement, so far as reasonably practicable. The Trustee regularly reviews the continuing suitability of the Scheme's investments, including the appointed managers and the balance between active and passive management, which may be adjusted from time to time.

The Financial Reporting Council set out a series of seven principles known as the Stewardship Code to provide a framework for good practice for institutional investors that directly manage assets. The Trustee is supportive of the Stewardship Code and will monitor the relevant investment managers' compliance.

The investment managers' remuneration is based upon a percentage value of the assets under management. The fees have been negotiated to be competitive. Some investment managers also include a performance related fee.

As the Scheme's assets are invested in pooled vehicles, the custody of the holdings is arranged by the investment manager. The custodian provides safekeeping for the assets and performs all associated administrative duties such as the collection of dividends.

The assets of the Scheme consist predominantly of investments admitted to trading on regulated markets.

Investment Manager Monitoring and Engagement

The Trustee monitor and engage with the Scheme's investment managers and other stakeholders on a variety of issues. Below is a summary of the areas covered and how the Trustee seeks to engage on these matters with investment managers.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy and Risk	<ul style="list-style-type: none"> • The Trustee receives quarterly performance reports for the DB and DC sections which detail information on the underlying investments' performance, strategy and overall risks, which are considered at the relevant meetings. The Scheme's DB investment managers are invited, in person, to present to the Trustee on their performance, strategy and risk exposures. The Scheme's DC provider attends Trustee meetings to present on the investment performance of the funds in the DC Section. 	<ul style="list-style-type: none"> • There are significant changes made to the investment strategy. • The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Trustee's expectations. • Underperformance vs the performance objective over the period that this objective applies.
Environmental, Social, Corporate Governance factors and the exercising of rights	<ul style="list-style-type: none"> • The Trustee receives information from their investment advisers on the investment managers' approaches to engagement. • The Trustee's investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues. • The Trustee will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters at least annually. 	<ul style="list-style-type: none"> • The manager has not acted in accordance with their policies and frameworks. • The manager's policies are not in line with the Trustee's policies in this area.

Through the engagement described above, the Trustee will work with the investment managers to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustee will review the relevant investment manager's appointment and will consider terminating the arrangement.

Financially Material Considerations and Stewardship Policy

The Trustee has considered all financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments; and the extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments; and the exercise of the rights (including voting rights) attaching to the investments; and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters), i.e. stewardship.

Details of how risks and financially material considerations have been addressed and managed by the Trustee are outlined on Page 13.

Direct investments

Direct investments, as distinguished by the Pensions Act 1995, are products purchased without delegation to an investment manager through a written contract. When selecting and reviewing any direct investments, the Trustee will obtain appropriate written advice from its investment advisers.

Governance

The Trustee of the Scheme makes all major strategic decisions including, but not limited to, the Scheme's asset allocation and the appointment and termination of investment managers.

When making such decisions, and when appropriate, the Trustee takes proper written advice. The Trustee's investment advisers, Isio Group Limited, are qualified by their ability in and practical experience of financial matters, and have the appropriate knowledge and experience. The investment adviser's remuneration may be a fixed fee or based on time worked, as negotiated by the Trustee in the interests of obtaining best value for the Scheme.

The Trustee has set out a governance structure consistent with the active investment strategy currently in place:

- Subject to government guidelines, the Trustee will meet in person at least four times per year.
- Four full quarterly investment monitoring reports will be completed and reviewed per year.
- Summary investment monitoring reports will also be provided where required.
- Ad-hoc calls and meetings will be conducted as necessary.

The Trustee has established an Investment Sub - Committee ("ISC") to, if required, monitor the operations of the Scheme's investment strategy, make day-to-day decisions as necessary for the smooth running of the Scheme, and make recommendations to the Trustee on overall strategy. The Trustee have established an ISC Terms of Reference which details how the ISC will operate in practice.

The Trustee and Sponsor have also established a Joint Working Group to aid integrated risk management, combining the Sponsor's covenant, the investment strategy and funding strategy. This structure allows the Sponsor to provide input on investment matters as required and in a timely manner.

Compliance

This Statement has been prepared in compliance with the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005. Before preparing or subsequently revising this Statement, the Trustee consulted the sponsoring employer and took appropriate written advice. The Statement is reviewed at least every three years, and without delay after any significant change in investment policy.

Signed 

Date: June 2025

**For and on behalf of the SABIC UK Pension Trustee Limited as Trustee of the SABIC
UK Petrochemicals Pension Scheme**

Defined Benefit (“DB”) Section

Investment objective

The Trustee invests the assets of the Scheme with the aim of ensuring that all members’ accrued benefits can be paid.

The Scheme’s funding target is specified in the Statement of Funding Principles. The Scheme’s funding position will be reviewed through annual funding updates and formal Triennial Valuations to assess the position relative to the funding target and whether the investment policy remains appropriate to the Scheme’s circumstances.

Whilst the Scheme is funding on a Technical Provisions basis (which assumes ongoing investment risk), the longer term objective is to be fully funded on a buy-out basis.

The Scheme’s present investment objective, reflecting the interim strategic benchmark and asset class assumptions at the time, is to achieve a return of around 2.2% per annum above the return on long dated UK Government bonds (which are considered to move in a similar fashion to the calculated value of the Scheme’s liabilities).

Investment Beliefs

The below formalises the investment beliefs of the Trustee across multiple areas:

Risk Management

The Trustee recognises the multitude of risks involved with the Scheme and will look to hedge risks, such as interest rate, inflation and currency risk where possible and practical to do so. When making any hedging decisions the Trustee will take into account the Scheme’s current position and future direction of travel alongside the current, and likely future, market and economic environment, including any tactical opportunities - i.e. the Trustee will not hedge at any cost.

- The Trustee is aware of the interest rate and inflation risk inherent in the Scheme’s liabilities and has already hedged a proportion of this risk through the implementation of a Liability Driven Investment (LDI) mandate.
- The Trustee will seek to minimise currency risk where appropriate.

Liquidity

The Trustee is cognisant of the overall liquidity of the portfolio and keep this under regular review. A formal Cashflow Management Policy for transfers of money into and out of the Trustee Bank Account (“TBA”) was established. This considers both the potential cash drag of having a high cash balance and the need to meet benefit payments. The Trustee also considers the impact on liquidity when making any investment decisions and will balance any liquidity in view of the extra return or the greater security it provides.

Active management

The Trustee believes in active management in the asset classes where there is perceived scope to add value (i.e. there exists market inefficiencies which managers can exploit), as well as asset

classes where there are no passive alternatives. Any active managers are selected from the specific asset class universe in question and following a formal selection process.

Investment Opportunities

The Trustee has chosen to be dynamic in the management of the Scheme's investments and is open to new/tactical opportunities to improve the risk/reward balance of the portfolio. The Trustee has asked its investment advisor, Isio Group Limited, to highlight any opportunities that it believes are suitable for the Scheme, and provide any training required to enable them to make an informed decision on whether to pursue the opportunity.

Environmental, Social and Governance

We consider environmental, social and corporate governance factors when selecting, monitoring and engaging in the investments we make. Following an ESG beliefs session completed in 2021, the Scheme has also implemented a formal ESG policy.

Investment Strategy

The Trustee take a holistic approach to considering and managing risks when formulating the Scheme's investment strategy.

The Scheme's investment strategy was derived from careful consideration of the strength of the Sponsor's covenant, the duration of the Scheme's liabilities, the risks of investing in the various asset classes (including various alternative assets) and also the implications of the strategy (under various scenarios) for the level of funding required.

The Trustee recognises that the investment strategy is subject to risk, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities. The Trustee has chosen to adopt a LDI mandate as a risk management technique aimed at managing interest rate and inflation risk faced by pension schemes. This significantly reduces the asset and liability mismatch risk.

This risk is monitored by regularly assessing the funding position and the characteristics of the assets and liabilities. The risk is managed by investing in assets which are expected to perform in excess of the liabilities over the long term, and also by investing in a suitably diversified portfolio of assets with the aim of reducing volatility relative to the liabilities.

Leverage and collateral management

The Trustee will adhere to all relevant regulatory guidance and requirements in relation to leverage and collateral management within the Scheme's liability hedging (LDI) portfolio.

The Trustee have a stated collateral management framework. The Trustee have agreed a process for meeting collateral calls should these be made by the Scheme's LDI investment manager. The Trustee will review and stress test this framework over time.

Further details on this can be found in the Scheme's IID.

Employer-related investments

The policy of the Trustee is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 except where the Scheme invests in collective investment schemes that may hold employer-related investments. In this case, the total exposure to employer-related investments will not exceed 5% of the Scheme's total asset value. The Trustee will monitor this on an ongoing basis to ensure compliance.

Investment Strategy Outlook

The Trustee has chosen to develop their investment strategy decision making over a short, medium and long term approach.

In the near term and medium term, the Trustee and Sponsor continue to review the LDI mandate and, if appropriate, may increase the hedge ratio in order to further reduce the mismatch risk between the Scheme's assets and liabilities.

The Trustee supports the increasing allocation to contractual income assets due to the narrower range of outcomes and more consistent returns these assets typically experience.

Defined Contribution (DC) Section

Investment objective

The Trustee aims to offer a suitably wide choice of funds and lifestyle options from which members of the DC Section of the Scheme may select one or more in which to invest their contributions. The Trustee also aims to offer a default investment option which is expected to be broadly appropriate for the circumstances of the majority of members.

Risk

The Trustee recognises the key risk is that members will have insufficient pension savings or an income that does not meet their expectations. The Trustee considers these risks when designing the investment options and strategy for the DC Section of the Scheme. The Trustee's policy in respect of risk measurement methods and risk management processes is set out below:

- **Expectations:** Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices
- **Loss aversion:** Risk of loss to a member's fund value from period to period and the subsequent impact on their behaviour
- **Diverse membership:** Risk of the default strategy being unsuitable for the requirements of some members
- **Fund manager risk:** A fund manager may not achieve their objectives
- **Operational risk:** The risk of fraud, poor advice or acts of negligence
- **Political risk:** The legislative and tax environment could change from the environment in which the investment strategy was designed
- **Cost risk:** The costs of administering and investing the assets exceeds the anticipated cost
- **Environmental, Social and Governance risk:** Management of the Scheme assets with regard to Environmental, Social and Governance factors, including but not limited to climate change which can impact the performance of the Scheme's investments.

Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative and a quantitative manner.

- The Trustee's policy is to regularly qualitatively review the range of funds offered and the suitability of the default arrangement
- The Trustee also measures risk in terms of the performance of the assets compared to the respective benchmarks on a quarterly basis

The Trustee believes there may be financial advantages to investing in illiquid assets. However, the Trustee identifies the following challenges:

- 1) Illiquid assets have greater fees and transaction costs than liquid assets, which may diminish the net profits for members.
- 2) Illiquid assets may have longer lock-up periods or limited redemption windows, which may not meet the liquidity needs of DC members who want to access their pension pots on demand
- 3) Illiquid assets may have lower transparency and valuation frequency than liquid assets,

making it more difficult for members to monitor their investment performance and risks.

However, the Trustee intends to consult with its investment adviser about potentially including an allocation to illiquid assets, as well as to review its illiquid investment policy on a regular basis.

Default arrangement

For members who do not make an investment choice, and also for those who specifically choose, the Trustee invests its assets in the default lifestyle option, SABIC Balanced (cash or drawdown) Lifestyle. The objective of this strategy is to provide capital growth, but with lower volatility than investing purely in equities. It aims to provide long term growth by investing in a passive index tracking equity fund and an actively managed diversified growth fund. The strategy will be managed to a long term strategic asset allocation of 75% in a passive global equity fund and 25% in a diversified growth fund. It also seeks to move investors gradually as they approach retirement into a mix of assets with lower expected growth and risk, which may be suitable for investors planning to take their investments as cash or income drawdown at retirement.

As the member approaches their pension-savings crystallisation point the default arrangement begins switching the member's savings into the SABIC Wealth Preservation Fund 10 years from retirement and 5 years from retirement into the SABIC Money Market Fund, thereby giving some protection for investors planning to take their investments as cash or income drawdown at retirement.

During the 2024 Scheme year, the Trustee undertook its triennial review of the default strategy and alternative lifestyle options to consider changes to the investment strategy and this Statement now reflects the changes made and implemented in February 2025. .

Alternative Cash / Drawdown Lifestyle Options

The Trustee also offers two alternative lifestyle options, Adventurous and Cautious, providing members alternative risk-graded options which may be suitable for investors planning to take their investments as cash or income drawdown at retirement. The Cautious Lifestyle now has a 50% allocation to the SABIC Passive Global Equity Fund and the allocation to the SABIC Diversified Growth Fund has reduced from 100% to 50%. There have not been any changes to the Adventurous Lifestyle, which has a 100% allocation to the SABIC Passive Global Equity Fund allocation during the growth phase.

Alternative Annuity Lifestyle Options

The Trustee also offers a further three alternative lifestyle options, Adventurous, Balanced and Cautious, providing members alternative risk-graded options which may be suitable for investors planning to purchase an annuity at retirement. In February 2025, the Balanced Lifestyle increased equity exposure during the growth phase, increasing the SABIC Passive Global Equity Fund allocation from 50% to 75% and reducing the SABIC Diversified Growth Fund allocation from 50% to 25%.

Appendix A – Investment Beliefs

1. Investment strategy is the most important decision and should be based on clear objectives

Our long-term goal is to generate returns required to fund our members' current and future pensions.

Clear objectives are at the heart of our investment strategy. Risk tolerance, return requirement and time frame are our central considerations.

Our strategy should aim to achieve the objectives with a high degree of confidence across a range of possible economic scenarios.

2 There is more to robust portfolio construction than diversification alone

Excessive diversification can introduce inefficiency, cost, and fail to protect our portfolio in a downturn.

Pay-off profile of assets: We tailor the expected pay-off profile of the Scheme's investments around our required objectives.

Excess liquidity of our Scheme: We utilise excess liquidity in order to access any illiquidity premium (when illiquidity is rewarded), taking into consideration known cash flow requirements and the need for flexibility.

True diversification: We optimise true diversification of underlying risk drivers.

3 We aim to select the most appropriate opportunities in the market

A strategy that buys the right asset, at a fair price, will serve us better than buying the wrong asset at a cheap price.

We consider the most appropriate potential market opportunities in order to help us achieve our long-term objectives.

4 A long-term mind-set can be used to enhance returns

As a long-term investor we pursue incremental growth that rewards adherence to our strategic plan, rather than pursuing short term opportunities rewarding speculation.

We will mitigate or manage risks that we are not rewarded for.

Returns are more predictable over a longer time period, as risk is diversified across different economic cycles.

5 Excessive costs will erode performance

An appealing investment opportunity can be wholly undermined by too high a cost base. Passive management, where viable, is considered the default approach.

Active management is employed where value-add can be expected with confidence.

6 Good governance improves our decision making

We continuously strive to enhance our knowledge of the investment opportunities and risks facing the Scheme.

We monitor the performance of our strategy and investment managers to improve our decision making.

7 Our investment process reflects our beliefs on responsible investing and Stewardship

We consider environmental, social and corporate governance factors when selecting, monitoring and engaging in the investments we make.

Appendix B – Risks, Financially Material Considerations and Non-Financial matters

A non-exhaustive list of risks and financially material considerations that the Trustee has considered and sought to manage is shown below.

The Trustee adopts an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks	Definition	Policy
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	<ul style="list-style-type: none"> Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the sponsoring company's covenant strength. Investing in a diversified portfolio of assets.
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	<ul style="list-style-type: none"> Funding risk is considered as part of the investment strategy review and the actuarial valuation. The Trustee will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	<ul style="list-style-type: none"> When developing the Scheme's investment and funding objectives, the Trustee take account of the strength of the covenant ensuring the level of risk the Scheme is exposed to is at an appropriate level for the covenant to support.

The Scheme is exposed to a number of underlying risks relating to the Scheme's investment strategy, these are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 100% of these risk on a Technical Provisions basis.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI mandate.

Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory The Trustee monitors the managers on an ongoing basis.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.

Appendix C

The Trustee has the following policies in relation to the investment management arrangements for the Scheme:

<p>How the investment managers are incentivised to align their investment strategy and decisions with the Trustee policies.</p>	<ul style="list-style-type: none"> • As the Scheme is invested in pooled funds, there is no scope for these funds to tailor their strategy and decisions in line with the Trustee’s policies. However, the Trustee invests in a portfolio of pooled funds that are aligned to the strategic objective. • The Scheme’s mandates for Distressed Debt and Direct Lending are subject to a performance related fee.
<p>How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.</p>	<ul style="list-style-type: none"> • The Trustee reviews the investment managers’ performance relative to medium and long-term objectives as documented in the investment management agreements. • The Trustee does not incentivise the investment managers to make decisions based on non-financial performance.
<p>How the method (and time horizon) of the evaluation of investment managers’ performance and the remuneration for their services are in line with the Trustee’s policies.</p>	<ul style="list-style-type: none"> • The Trustee reviews the performance of all of the Scheme’s investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. • The Trustee evaluates performance over the time period stated in the investment managers’ performance objective, which is typically 3 to 5 years.
<p>The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.</p>	<ul style="list-style-type: none"> • The Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.
<p>The duration of the Scheme’s arrangements with the investment managers</p>	<ul style="list-style-type: none"> • The duration of the arrangements is considered in the context of the type of fund the Scheme invests in. <ul style="list-style-type: none"> ○ For closed ended funds or funds with a lock-in period the Trustee ensure the timeframe of the investment or lock-in is in line with the Trustee’s objectives and Scheme’s liquidity requirements. ○ For open ended funds, the duration is flexible and the Trustee will from time-to-time consider the appropriateness of these investments

	and whether they should continue to be held.
Voting Policy - How the Trustee expect investment managers to vote on their behalf	<ul style="list-style-type: none"> • The Trustee has acknowledged responsibility for the voting policies that are implemented by the Plan’s investment managers on their behalf.
Engagement Policy - How the Trustee will engage with investment managers, direct assets and others about ‘relevant matters’	<ul style="list-style-type: none"> • The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Plan’s investment managers on their behalf. • The Trustee, via their investment advisers, will engage with managers about ‘relevant matters’ at least annually.

SABIC Petrochemicals UK Pension Scheme

Investment Implementation Document

This Investment Implementation Document (“the IID”) covers both the Defined Benefit and the Defined Contribution sections of the SABIC UK Petrochemicals Pension Scheme (“the Scheme”) and details the SABIC UK Pension Trustee Limited’s (“the Trustee”) policy relating to the implementation of the Scheme’s investment arrangements, based on the policies set out in the Scheme’s Statement of Investment Principles (“SIP”). The IID should be considered alongside the SIP.

Defined Benefit (“DB”) Section

Investment strategy

The Trustee has undertaken a strategic review and agreed the following long-term strategy for the Scheme:

Asset	Target Exposure ⁽¹⁾	Expected Return ⁽²⁾
Asset Backed Securities	20.0%	2.0%
Infrastructure Equity	17.5%	4.9%
Absolute Return Bonds	7.5%	1.5%
Distressed Debt	5.0%	7.0%
Direct Lending	5.0%	4.2%
Liability Driven Investment ⁽³⁾	37.0%	n/a
Cash ⁽⁴⁾	8.0%	n/a
Total	100.0%	2.2%

Note: ⁽¹⁾ The Scheme’s actual asset allocation may deviate from the table due to market movements, cash transfers out of the Scheme and the investment cycle.

⁽²⁾ Expected return p.a. relative to fixed interest gilts. Long term assumptions as at 31 March 2025.

⁽³⁾ Structured as a QIAIF (Qualified Investor Alternative Investor Fund). The QIAIF mandate has a target ratio of c.100% (interest rate and inflation sensitivity on a technical provisions basis).

⁽⁴⁾ Allocation includes LGIM Sterling Liquidity Fund and Trustee Bank Account.

We note that the new investment strategy will be implemented over time as assets are returned from the Secured Finance, Distressed Debt and Direct Lending mandates. We have included details on these mandates below as they remain invested.

Investment structure and mandates

The Trustee monitors the overall allocation, between the investment managers on a quarterly basis and takes any corrective action, as they see appropriate. Rebalancing will be affected by cashflows, where possible, to avoid unnecessary transaction costs. The transfer of assets/cash between investment managers will be used to rebalance selectively, noting that the illiquid allocations are unlikely to be rebalanced.

Asset Backed Securities – Aegon Asset Management (“Aegon”)

The Scheme invests in the Aegon European ABS Fund. The strategy focuses on investments of investment grade securities backed by collateral assets, with a bias towards residential

mortgage-backed securities and collateralised loan obligations. The Fund's benchmark is the Bloomberg Euro ABS Fixed and Floating Index (EUR) with an objective of exceeding this by 0.5%-1.0% p.a. (gross of fees).

Secured Finance - Ares Management Corporation ("Ares")

The Scheme invests in the Ares Secured Income Fund, which is in the process of winding down, with capital being returned back to investors. The strategy is comprised of credits which are of a securitised nature and largely floating rate. The Fund aims to achieve an Internal Rate of Return ("IRR") of 4-6% p.a. (net of fees).

Infrastructure Equity - IFM Investors ("IFM")

The Scheme invests in the IFM Global Infrastructure Fund. The Fund is large, global and has an open-ended fund structure. The Fund aims to return 10% p.a. (net of fees) over the long term, ranging between 8% – 12 % depending on the market cycle stage.

Distressed Debt - Oaktree Capital

The Scheme invests in the Oaktree Opportunities Fund IX. The Fund purchases the public and private debt of companies that are expected to be unable to service their debt. The Fund looks to achieve an Internal Rate of Return ("IRR") between 15-20% p.a. (gross of fees).

Direct Lending - Alcentra Asset Management

Alcentra manages the Scheme's Direct Lending mandate through the European Direct Lending ("EDL") Fund II, which will be supplemented by the European Direct Lending ("EDL") Fund III as its predecessor completes its investment period. Both Funds aims to generate a compounded IRR of 8% – 10% p.a. (net of fees).

Liability-Driven Investment ("LDI") - Legal & General Investment Management Limited

A Qualified Investor Alternative Investor Fund ("QIAIF") has been set up to manage the bespoke LDI allocation. The Scheme's LDI portfolio is designed to hedge a proportion of the Scheme's interest rate and inflation risks using both physical and derivative instruments.

Sterling Liquidity Fund - Legal & General Investment Management

The Scheme invests in the LGIM Sterling Liquidity Fund, which is a Cash Fund acting as a first tier collateral asset backing the Scheme's Liability Driven Investment mandate. The Fund's benchmark is 3-month SONIA (gross of fees).

Absolute Return Bonds - Legal & General Investment Management ("LGIM")

The Scheme invests in the LGIM Absolute Return Bonds Fund, which operates at the lower end of the risk/ return spectrum and acts as a second tier collateral, backing the Scheme's Liability Driven Investment mandate. The Fund's benchmark is 3-month SONIA with an objective of exceeding this by 1.25% p.a. (net of fees).

Collateral management policy

The Trustee will review their collateral management policy on an ongoing basis, or as soon as possible in the event of significant market movements. The Trustee have a framework:

Trigger	Action	Responsibility
When collateral falls below 90% of the optimal collateral level (lower collateral trigger level)	Capital call is issued, funds are automatically sourced from the collateral waterfall in the stated order as required to restore the collateral buffer to 105% of optimal collateral.	LGIM are responsible for monitoring LDI fund collateral levels, communicating capital call requirements to Isio / the Trustee and sourcing the required funds.
When all assets within the automatic collateral waterfall are exhausted	Consider sourcing capital through disinvestment of other liquid mandates / alternative funding options.	LGIM are responsible for monitoring LDI fund collateral levels and communicating capital call requirements to Isio / the Trustee. If applicable, Trustee is responsible for sourcing alternative capital.

The latest collateral waterfall is set out below. Assets are held with the same manager which reflects a lower governance burden on the Trustee.

Manager	Asset Class	Dealing frequency	Notice period (For Weekly QIAIF)
LGIM	Sterling Liquidity Fund	Daily Dealt	Two days prior to trade date (T-2 at 12pm)
LGIM	Absolute Return Bonds	Daily Dealt	Two days prior to trade date (T-2 at 12pm)

Investment management fees

The investment managers' remuneration is set out below. Please note, the Distressed Debt, Direct Lending and Corporate Bond mandates have been included as the Scheme remains currently invested.

Asset	Management Fees (p.a.)	Performance Fees (p.a.)
Asset Backed Securities	0.23% ⁶	n/a
Secured Finance	0.40% ⁷	n/a
Infrastructure Equity	0.77%	10% ¹
Absolute Return Bonds	0.25%	n/a
Distressed Debt	1.60%	20% ²
Direct Lending (EDL II/ III)	0.75%/ 0.90%	10% ³
Liability Driven Investment	0.07% ⁴	n/a
Cash	0.04% ⁵	n/a

- Note:
- (1) Hurdle rate of 8% subject to catch-up.
 - (2) Preferred return of 8% subject to catch-up.
 - (3) Preferred return of 5% subject to catch-up.
 - (4) Monthly average present value of the liabilities hedged by total assets.
 - (5) Management fee relates to the LGIM Sterling Liquidity Fund.
 - (6) Management fee reflects tiered fee structure based on commitment size (covering all Isio's clients).
 - (7) Reduced management fee due to Fund wind down.

Defined Contribution (“DC”) Section

Investment objective

The Trustee aims to offer a suitably wide choice of funds and lifestyle options from which members of the Scheme may select one or more in which to invest their contributions. The Trustee also aims to offer a default investment option which is expected to be broadly appropriate for the circumstances of the majority of members.

During the 2024 Scheme year, the Trustee undertook a review of the default and alternative lifestyle options to consider changes to the investment strategy. Changes to the strategy made by the Trustee are now included in the Scheme’s 2024 SIP and corresponding IID.

Investment strategy

The investment objective is implemented through offering the following range of investment funds:

Fund Name	Objective	Benchmark Index
<i>Scottish Widows Limited</i>		
SABIC Passive Global Equity Pension Fund	The aim of the Fund is to provide exposure to companies within the MSCI World Index to maximise opportunities and minimise potential risks associated with a transition to a low carbon economy relative to other companies in the Index. It aims to achieve this whilst also seeking to provide a return on investment and maintaining a risk profile which generally reflects the risk profile of the Index.	MSCI World Index
SABIC Passive UK Equity Pension Fund	The fund invests in shares in UK companies and aims to track a return that is consistent to or above the return of the FTSE Custom All-Share ESG Screened Index.	FTSE Custom All-Share ESG Screened Index
SABIC Passive Emerging Market Equity Pension Fund	The fund aims to achieve a return consistent with the MSCI Global Emerging Markets Index.	MSCI Global Emerging Markets Index
SABIC Passive Ethical Global Equity Pension Fund	The fund aims to track the total return of the FTSE4Good Global Equity Index to within +/- 0.5% a year for two years.	FTSE4Good Global Index
SABIC Wealth Preservation Pension Fund	The fund aims to deliver returns of CPI +2% over the long term whilst also mitigating the risk of incurring a loss greater than 8% over any holding period. However there is no guarantee that the fund will be able to achieve these aims over any time period and so the money you invest is at risk.	UK Consumer Price Index +2%
SABIC Property Pension Fund	The fund aims to provide a return, outperforming the MSCI/AREF UK Quarterly Property Index by 0.5% per annum on a rolling 3 year basis through the	MSCI/AREF Monthly Property UK

	combination of capital growth and income by investing in UK commercial scale properties.	
SABIC Passive Long Dated Corporate Bond Pension Fund	The fund invests in investment grade corporate bonds denominated in sterling. The fund aims to track a return consistent with the iBoxx Sterling Non-Gilts Over 15 Years Index. This index consists of bonds with a maturity period of 15 years or longer.	Markit iBoxx Sterling Non-Gilts Over 15 Years Index
SABIC Passive Fixed Interest Gilt Pension Fund	The fund invests in UK government fixed interest securities (gilts) that have a maturity period of 15 years or longer. The fund aims to track a return consistent with the FTSE UK Gilts Over 15 Years Index.	FTSE UK Gilts Over 15 Years Index
SABIC Passive Index Linked Gilt Pension Fund	This fund invests in UK government index-linked securities (index-linked gilts) that have a maturity period of 5 years or longer. The fund aims to track a return consistent with the FTSE UK Gilts Index-Linked Over 5 Years Index.	FTSE UK Gilts Index-Linked Over 5 Years Index
SABIC Pre-Retirement Pension Fund	The fund aims to provide diversified exposure to sterling assets that reflect the broad characteristics of investments underlying the pricing of a typical inflation-linked annuity product.	LGIM Future World Annuity Aware Benchmark
SABIC Money Market Pension Fund	The fund aims to achieve an investment that is in line with wholesale money market short term interest rates.	Bank of England Sterling Overnight Index Average
SABIC Diversified Growth Pension Fund	The fund's investment objective is to provide a positive absolute return in all market conditions and grow the money you invest over the medium to longer term. To achieve this, the fund aims to generate a return over a 3-year rolling period that is the same as cash plus 5% a year before charges. However there is no guarantee that the fund will be able to achieve this level of return over any time period and so the money you invest is at risk.	Bank of England Sterling Overnight Index Average +3.5%

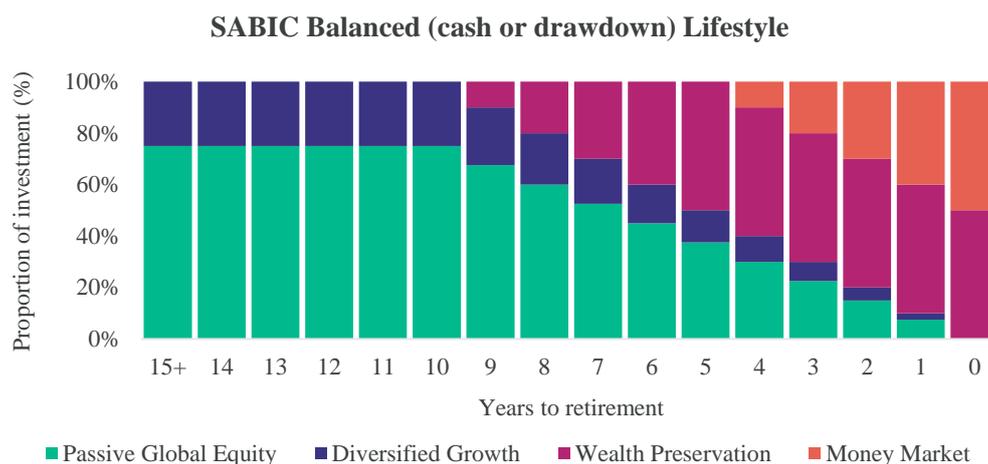
The Trustee offers a range of investment funds to allow members, if they wish, to choose funds that will suit their particular circumstances and risk tolerances. The benefit which members receive at retirement is dependent upon the accumulated value of their investments and the cost of purchasing an appropriate annuity, should they choose to purchase one. The risks and rewards of investment are therefore borne by the Scheme members.

Investment Lifestyle options

For members who do not make an investment choice, and also for those who specifically choose, the Trustee invests their assets in the default lifestyle option, as detailed below:

Default Strategy	Investment characteristics
SABIC Balanced (cash or drawdown) Lifestyle	Invests 75% in the SABIC Passive Global Equity Pension Fund and 25% in the SABIC Diversified Growth Pension Fund. In the 10 years leading up to the target retirement age, assets begin switching into the SABIC Wealth Preservation Fund and 5 years from retirement into the SABIC Money Market Fund.

The chart below shows the fund allocations, based the number of years members are from their target retirement age:



The Trustee also offers two alternative lifestyle options, offering members alternative risk-graded options which may be suitable for investors planning to take their investments as cash or income drawdown at retirement.

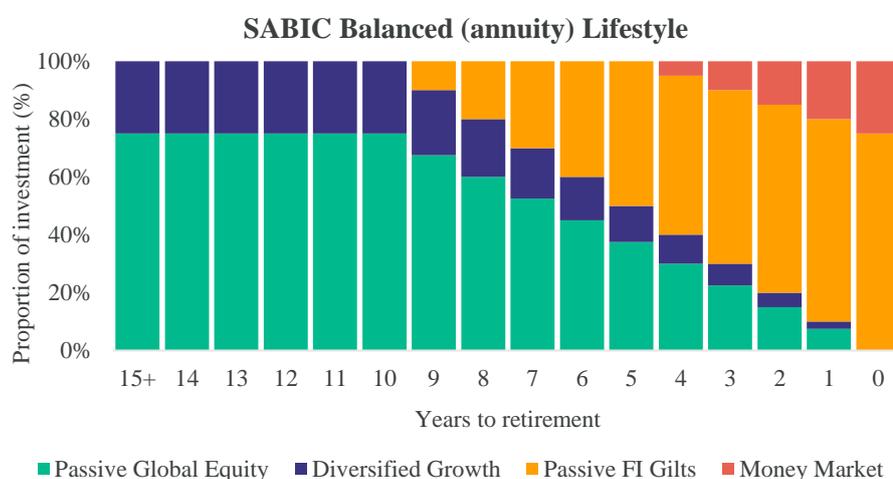
Lifestyle Option	Investment characteristics
SABIC Adventurous (cash or drawdown) Lifestyle	Invests 100% in the SABIC Passive Global Equity Pension Fund. In the 10 years leading up to the target retirement age, assets begin switching into the SABIC Wealth Preservation Fund and 5 years from retirement into the SABIC Money Market Fund. At retirement the fund allocation will be in line with the chart above.
SABIC Cautious (cash or drawdown) Lifestyle	Invests 50% in the SABIC Passive Global Equity Pension Fund and 50% in the SABIC Diversified Growth Pension Fund. In the 10 years leading up to the target retirement age, assets begin switching into the SABIC Wealth Preservation Fund and 5 years from retirement into the SABIC Money Market Fund. At retirement the fund allocation will be in line with the chart above.

Alternative Annuity Lifestyle Options

The Trustee also offers a further three alternative lifestyle options, offering members alternative risk-graded options which may be suitable for investors planning to purchase an annuity at retirement.

Lifestyle Option	Investment characteristics
SABIC Balanced (Annuity) Lifestyle	Invests 75% in the SABIC Passive Global Equity Pension Fund and 25% in the SABIC Diversified Growth Pension Fund. In the 10 years leading up to the target retirement age, assets begin switching into the SABIC Passive Fixed Interest Gilt Pension Fund and 5 years from retirement into the SABIC Money Market Fund.

The SABIC Balanced (Annuity) Lifestyle Option invests as per the chart below:



SABIC Adventurous (Annuity) Lifestyle Invests 100% in the SABIC Passive Global Equity Pension Fund. In the 10 years leading up to the target retirement age, assets begin switching into the SABIC Passive Fixed Interest Gilt Pension Fund and 5 years from retirement into the SABIC Money Market Fund. At retirement the fund allocation will be in line with the chart above.

SABIC Cautious (Annuity) Lifestyle Invests 50% in the SABIC Passive Global Equity Fund and 50% in the SABIC Diversified Growth Pension Fund. In the 10 years leading up to the target retirement age, assets begin switching into the SABIC Passive Fixed Interest Gilt Pension Fund and 5 years from retirement into the SABIC Money Market Fund. At retirement the fund allocation will be in line with the chart above.

Investment mandates

The Trustee has appointed a single DC provider, Scottish Widows Ltd. The investment options are implemented through pooled funds listed in the section “Investment Strategy”. The underlying funds are managed by BlackRock Life Limited, Legal & General Investment Management, Schroder Investment Management and Threadneedle Asset Management.