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	• 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.	• 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	• 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.	• 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.	• 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.	• 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.	• 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 mangers 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:

How the investment managers are incentivised to align their investment strategy and decisions with the Trustee policies.	• 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.
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.	• 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.
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.	• 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.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	• 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.

The duration of the Scheme's arrangements with the investment managers	• The duration of the arrangements is considered in the context of the type of fund the Scheme invests in.
	  o 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.
	  o 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	• 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'	• 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.