

Imerys UK Pension Scheme (“the Scheme”)

Statement of Investment Principles

Investment Objective

Imerys UK Pension Fund Trustees Limited (the Trustees) invests the Scheme’s assets with the aim of ensuring that the benefits promised to members are provided. As a starting point in setting investment strategy, the Trustees considered the lowest risk asset allocation that they could adopt in relation to the Scheme’s liabilities. After taking advice, the strategy they have selected is designed to achieve a higher return than this lowest risk strategy while maintaining a prudent approach to meeting the Scheme’s liabilities.

The Scheme’s sponsoring employer, Imerys Minerals Limited (“IML”), has been consulted with on the overall objective.

In choosing this overall objective, the Trustees recognise that investment risk is being taken relative to the lowest risk asset allocation and, when setting the discount rate used in the latest actuarial valuation, have taken into account the likely ability of IML to make additional contributions in the event of investment returns not meeting those anticipated.

The remainder of this statement sets out how the Trustees aim to meet the objective above. In doing so the statement considers the Trustees’ policy on:

- Strategy
- Risk Measurement and Management
- Responsible investment
- Arrangements with fund managers
- Governance

STRATEGY

The Trustees have appointed Aon Investments Limited ('AIL') who are authorised and regulated by the Financial Conduct Authority (FCA), to manage the Scheme’s assets as their Fiduciary Manager.

The Trustees are responsible for setting the investment strategy (target return) which is determined with regards to the actuarial characteristics of the Scheme, in particular the strength of the funding position, the liability and cashflow profile and the employer's covenant.

The current **target return** chosen to meet the objective above is set out in the table below.

	Target Return (in excess of growth in gilts based liabilities) % p.a.
Investment Portfolio	1.0

The Trustees have delegated all day-to-day decisions in respect of the Scheme’s investments to AIL through a written contract including the allocation of assets between different asset classes and the appointment and monitoring of fund managers. When choosing asset classes and fund managers, AIL are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). AIL will

invest the portfolio so that the underlying exposure to assets will be properly diversified in such a way as to avoid excessive reliance on any particular asset or manager and so as to avoid accumulation of risk in the portfolio as a whole. AIL may use pooled vehicles to help with diversification. The day-to-day management of the Scheme's underlying assets, including the realisation of investments, has been delegated to investment managers who are authorised and regulated by the Financial Conduct Authority.

The investment portfolio consists of a liability hedging component and a growth component.

The liability hedging component of the assets matches part of the interest rate and inflation sensitivity of the liabilities by investing in interest rate and inflation hedging instruments.

The growth component of the assets seeks, in combination with the liability hedging component, to achieve a return above the liabilities with the overall return being the **target return**. Investments can include, but are not restricted to equities, return-seeking bonds and diversified alternatives along with other asset classes that help generate or diversify returns.

When choosing the Scheme's strategy, the Trustees considered written advice from their investment adviser, Aon Investments Limited. The Trustees considered the following:

- The nature of the liabilities.
- The Scheme's funding level.
- The time expected to reach funding goals.
- Contributions from IML.
- The ability of IML to make up any deficit if required.

In addition, the Trustees also consulted with the sponsoring employer, Imerys Minerals Limited, when setting this strategy.

RISK MEASUREMENT AND MANAGEMENT

The Trustees maintain a 'Statement of Funding Principles' which specifies that the funding objective is to have sufficient assets so as to make provision for 100% of the Scheme's liabilities as determined by an actuarial valuation.

The Trustees recognise that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustees have identified a number of risks which have the potential to cause a deterioration in the Scheme's funding level and therefore contribute to funding risk. These are as follows:

- Mismatching risk – The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors. The Trustees and their advisers consider this mismatching risk when setting the investment strategy.
- Cashflow/liquidity risk – The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities. The Trustees manage this risk by restricting the Fiduciary Manager to not invest in illiquid assets and providing AIL with details of the Scheme's expected cash flow requirements. Furthermore, the fiduciary manager will regularly perform a liquidity stress test.
- Manager risk – The failure by the Fiduciary Manager to achieve the rate of investment return assumed by the Trustees. This risk is considered by the Trustees both upon the initial appointment and on an ongoing basis thereafter.
- Risk of lack of diversification – The failure to spread investment risk. The Fiduciary Manager manages this risk on behalf of the Scheme.

- Covenant risk – The possibility of failure of the Scheme's sponsoring employer. The Trustees and their advisers consider this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- Operational risk – The risk of fraud, poor advice or acts of negligence. The Trustees have sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.
- Environmental, Social and Governance (ESG) risk – The risk that ESG factors are not appropriately reflected in asset prices and/or not considered in investment decision making processes leading to underperformance relative to targets.
- Climate change risk – The risk that climate change causes a material deterioration in asset values as a consequence of factors including but not limited to policy change, physical impacts and the expected transition to a low-carbon economy.

Due to the complex and interrelated nature of these risks, the Trustees consider the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially).

To allow the Trustees to monitor some of the key risks they receive quarterly reports showing:

- Estimated funding level versus the Scheme specific funding objective.
- Performance of the Fiduciary Manager and each of the underlying asset managers chosen by the Fiduciary Manager versus their target returns.
- Any significant issues with the underlying asset managers chosen by the Fiduciary Manager that may impact their ability to provide the service agreed by the Trustees.

RESPONSIBLE INVESTMENT

In setting the Scheme's investment strategy, the Trustees' primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social and governance (ESG) factors including climate change negatively impact the value of investments held if not understood and evaluated properly. As part of the Fiduciary Manager's management of the Scheme's assets, the Trustees expect the Fiduciary Manager to:

- Where relevant, assess the integration of ESG factors in the investment process of underlying asset managers.
- Use its influence to engage with underlying asset managers to ensure the Scheme's assets are not exposed to undue risk.
- Report to the Trustees on its ESG activities as required.

The process for identifying and assessing climate-related risks and opportunities is captured by:

- Our advisers demonstrating how they have considered short and long-term climate change risks and opportunities when providing new strategic investment advice, new mandates, new funding plans and new advice on the covenant.
- Investments are Buy rated by Aon having at least an appropriate or advanced process to identify, evaluate and mitigate potential financially material ESG risks, including climate change, within the portfolio.
- Our asset managers demonstrating how they have considered short and long-term climate change risks and opportunities when reporting on their portfolios.

This will enable us to understand what measures are being taken to reflect climate change opportunities and risk across investments, funding and covenant.

Stewardship – Voting and Engagement

The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as this ultimately creates long-term financial value for the scheme and its beneficiaries. The Trustees accept responsibility for how their appointed fiduciary manager stewards assets on their behalf, including the casting of votes in line with individual manager voting policies. The Trustees will receive annual reports on stewardship activity carried out by their fiduciary manager which will include detailed voting and engagement information from underlying asset managers. If any fund manager appointed by the Fiduciary Manager subsequently does not meet Aon's stewardship requirements, then Aon will report the breach to the Trustee.

As part of the Fiduciary Manager's management of the Scheme's assets, the Trustees expect the Fiduciary Manager to:

- Ensure that (where appropriate) underlying asset managers exercise voting rights in relation to the Scheme's assets.
- Report to the Trustees on stewardship activity carried out by the Fiduciary Manager, including detailed voting and engagement information from underlying asset managers.

The Trustees will engage with their Fiduciary Manager as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned. The Fiduciary Manager will provide annual reports on such actions.

Where possible, the transparency for voting should include voting actions and rationale with relevance to the Scheme, in particular where votes were cast against management; votes against management generally were significant and where votes were abstained.

The Trustees may engage with their Fiduciary Manager, who in turn is able to engage with underlying asset managers, investee company or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made. Where a significant concern is identified, the Trustees will consider, on a case-by-case basis, a range of methods by which they would monitor and engage so as to bring about the best long-term outcomes for the Scheme.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy the Trustees do not explicitly take into account the views of individual Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

ARRANGEMENTS WITH FUND MANAGERS

The Trustees recognise that arrangements with the fund managers selected by the Fiduciary Manager are important to ensure that interests are aligned. In particular, the Trustees seek to ensure that the Fiduciary Manager is incentivised to operate in a manner that generates the **target return** for the Scheme and its beneficiaries.

The Trustees receive quarterly reports and updates from the Fiduciary Manager on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustees focus on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme objectives and regularly assess the Fiduciary Manager.

The Trustees delegate the ongoing monitoring of underlying asset managers to the Fiduciary Manager. The Fiduciary Manager monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the underlying asset managers are aligned with the investment objectives of the Scheme. This includes monitoring the extent to which the underlying asset managers:

- make decisions based on assessments about medium-to long-term financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity to improve their performance in the medium- to long-term.

The Fiduciary Manager's Investment Management Agreement (IMA) is purposefully not overly restrictive regarding the various asset categories the Fiduciary Manager is allowed to use, allowing the Fiduciary Manager to add value by dynamically changing the allocation to each asset category depending on the prevailing market conditions through time. The Trustees have put in place a restriction for the Fiduciary Manager not to invest in illiquid assets, for example, closed ended funds.

The Trustees believe that having appropriate governing documentation, setting clear expectations to the Fiduciary Manager, and regular monitoring of the Fiduciary Manager's performance and investment strategy, is sufficient to incentivise the Fiduciary Manager to make decisions that align with the Trustees' policies and are based on assessments of medium and long-term financial and non-financial performance.

Where the Fiduciary Manager is considered to have made decisions that are not in line with the Trustees' policies, expectations, or the other considerations set out above, the Trustees will typically first engage with the Fiduciary Manager but could ultimately replace the Fiduciary Manager where this is deemed necessary. There is no set duration for arrangements with the Fiduciary Manager, although the continued appointment of the Fiduciary Manager will be reviewed periodically.

Costs monitoring

The Fiduciary Manager is paid on an ad valorem basis. The underlying asset managers are remunerated on an ad valorem basis. The level of remuneration paid to the underlying asset managers is reviewed regularly by the Fiduciary Manager.

In addition, the underlying asset managers may pay commissions to third parties on trades they undertake in the management of the assets and also incurs other ad hoc costs. The Fiduciary Manager receives statements from the underlying asset managers setting out these costs and reviews them regularly to ensure that the costs incurred are commensurate with the goods and services received.

The Trustees are aware of the importance of monitoring the total cost of investment management and the impact these costs can have on the overall value of the Scheme's assets. The Trustees recognise that in addition to annual management charges, there are a number of other costs incurred by their fund managers that can increase the overall cost incurred by their investments.

The Trustees receive annual cost transparency reports from their Fiduciary Manager. These reports present information in line with prevailing regulatory requirements for Fiduciary Managers.

The Trustees acknowledge that portfolio turnover costs are a necessary cost to generate investment returns and that the level of these costs varies across asset classes and manager. The Fiduciary Manager monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the underlying asset managers appointed on behalf of the Trustees.

The Trustees benefit from the economies of scale provided by the Fiduciary Manager in two key cost areas:

- The ability of the Fiduciary Manager to negotiate reduced annual management charges with the appointed underlying asset managers.
- The ability of the Fiduciary Manager to monitor ongoing investment costs (including additional fund expenses and portfolio turnover) incurred by the underlying asset managers and achieve efficiencies where possible.

Evaluation of performance and remuneration

The Trustees assess the (net of all costs) performance of their Fiduciary Manager over the long term against the **target return**, the Scheme's specific liability benchmark and investment objective. The remuneration paid to the Fiduciary Manager and fees incurred by third parties appointed by the Fiduciary Manager are provided annually by the Fiduciary Manager to the Trustees. The Trustees monitor these costs and performance trends over time.

GOVERNANCE

The Trustees are responsible for the investment of the Scheme's assets. The Trustees take some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate, the Trustees have considered whether they have the appropriate training and expert advice in order to take an informed decision. The Trustees have also considered all potential conflicts of interest that may arise under the arrangements in place. This includes conflicts involving the fiduciary manager, underlying fund managers, the investment adviser and those that arise within the Trustee board. The Trustees have established the following decision-making structure:

<p>Trustees</p> <ul style="list-style-type: none">• Set the Scheme's investment objective vs the liabilities.• Set any investment restrictions.• Set structures and processes for carrying out their role and implementing the investment strategy.• Select and monitor the Investment Adviser and Fiduciary Manager.• Monitor actual returns versus Scheme investment objective.• Monitor AVC arrangements
<p>Investment Adviser</p> <ul style="list-style-type: none">• Advise the Trustees on the investment strategy and the liability benchmark.• Advise on this statement.• Provide required training and project work as required.• Advise on Additional Voluntary Contributions (AVCs).
<p>The Fiduciary Manager</p> <ul style="list-style-type: none">• Set the strategy for investing in different asset classes in line with the investment objective and any constraints to meet the target return..• Select, appoint and monitor underlying asset managers.• Adjust asset allocations to reflect medium term market expectations.• Take into account ESG considerations and stewardship responsibilities.• Report on asset performance against the target return, liability benchmark and objective.• Communicate any significant changes to the investment arrangements.
<p>Scheme Actuary</p> <ul style="list-style-type: none">• Perform the triennial (or more frequently as required) valuations and advise on the appropriate contribution levels.• Comment on the appropriateness of the investment strategy relative to the liabilities of the Scheme at the triennial valuations.• Inform the Trustees of any changes to contribution levels and funding level.• Liaise with the Investment Adviser on the suitability of the Scheme's investment strategy on behalf of the Trustees.

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, e.g., the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The Trustees' policy is to review their direct investments and to obtain written advice about them at regular intervals. These include vehicles available for members' AVCs. When deciding whether to make any new direct investments the Trustees are required to take written advice covering specific points listed in the 2005 regulations which are detailed below.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustees (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustees will ensure any investment adviser appointed to advise them has the knowledge and experience required under the Pensions Act 1995.

The Trustees will review this Statement of Investment Principles at least every three years and immediately following any significant change in investment strategy. The Trustees will take investment advice and consult with IML over any changes to it.

Signed on behalf of Imerys UK Pension Fund Trustees Limited

Martin Collins
Director, Vidett Limited
Director of Imerys UK Pension Fund Trustees Limited

Effective Date: 15th July 2025

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustees also comply with the requirements to maintain and take advice on the Statement and with the disclosure requirements.