

## INEOS Chemicals Pension Plan

### Investment Implementation Document (“IID”)

This Investment Implementation Document (“IID”) covers the INEOS Chemicals Pension Plan (the “Plan”) and details the policy of the Trustee relating to the implementation of the Plan’s investment arrangements, based on the Principles set out in the Plan’s Statement of Investment Principles (“SIP”).

#### **Investment strategy**

The table below reflects the current investment strategy, which is invested according to the following broad asset allocation:

<b>Asset Class</b>	<b>Proportion (%)</b>	<b>Control Ranges (%)</b>	<b>Expected Return (relative to fixed interest gilts) %</b>
<b>Return-Seeking Assets</b>	<b>35.0</b>		
Unconstrained Global Equities	17.5	+/-5	5.0
Passive Global Equities (GBP Hedged)	7.5	+/-5	4.0
Direct Lending	5.0	+/-5	4.0
Infrastructure Equity	5.0	+/-5	4.6
<b>Risk-Reducing Assets</b>	<b>65.0</b>		
Absolute Return Bonds	10.0	+/-5	2.3
Long Lease Property	12.5	+/-5	2.5
Liability Driven Investment	42.5	N/A	0.0
Total	100.0		

The expected returns shown in the above table represent long-term expectations of asset classes as a whole. Short-term returns in some asset classes may exhibit considerable variability.

The Plan’s present investment objective is to achieve a return of 2.5% per annum above the return on UK Government bonds (which are assumed to move in a similar fashion to the calculated value of the Plan’s liabilities).

## Investment structure and mandates

The Trustees have invested in pooled funds managed by the following investment managers. All the investment managers are regulated under the Financial Services and Markets Act 2000.

Investment Manager	Mandate	Proportion %
Baillie Gifford & Co (“Baillie Gifford”)	Unconstrained Global Equities	11.25
Veritas Asset Management (“Veritas”)	Unconstrained Global Equities	6.25
Legal & General Investment Management Limited (“L&G”)	Passive Global Equities (GBP Hedged)	7.5
	Liability Driven Investment	42.5
J.P. Morgan Asset Management (“JPM”)	Infrastructure Equity	5.0
M&G Investments (“M&G”)	Long Lease Property	12.5
	Absolute Return Bonds	10.0
Permira Advisors LLP	Direct Lending	5.0
TOTAL		100.0

## Mandate target returns, objectives and fees

### *Baillie Gifford - unconstrained global equities - Global Alpha Growth Fund*

Benchmark	Objective	Fees*
MSCI AC World Index	Outperform benchmark by 2-3% p.a. (gross of fees) over rolling 5 year periods	First £30,000,000 is at a fee of 0.65% The next £30,000,000 is at a fee of 0.50% The fee thereafter is 0.325%

\*Fees are calculated on an aggregate AUM basis with all other UK INEOS based Schemes that invest with Baillie Gifford.

Baillie Gifford’s performance objective is to provide an attractive real long-term return by investing in global equities. Their performance objective is to outperform the MSCI All Country World Index by 2-3% (gross of fees) over rolling 5 year periods.

### *Veritas – unconstrained global equities – Global Focus Common Contractual Fund*

Benchmark	Objective	Fees
MSCI World Index	Outperform benchmark by 2% p.a. over long term (net of fees)	0.60%

Veritas' performance objective is to provide an attractive real long-term return by investing in global equities. Although they do not have a performance target relative to an index we expect that the return will be around 2% per annum above the MSCI World Index over the long term (net of fees).

***L&G – passive global equities – World Equity Index Fund – GBP Currency Hedged***

Benchmark	Objective	Fees
FTSE All World Index – GBP Currency Hedged	Track the benchmark	0.125%

L&G are to invest in the World Equity Index Fund – GBP Currency Hedged and their performance objective is to match the return on the FTSE All World Index – GBP Currency Hedged.

***L&G – liability driven investment – Matching Plus Fund Range and Single Stock Index-linked Gilt Funds***

Benchmark	Objective	Fees*
FTSE All World Index – GBP Currency Hedged	Bespoke	The first £25,000,000 is at 0.17% The next £75,000,000 is at 0.16% The Next £200,000,000m is at 0.125% The fee thereafter is 0.11%

\*Fees are calculated on an aggregate AUM basis with all other UK INEOS based Schemes that invest with L&G.

L&G are to invest in a range of leveraged index-linked gilt funds (Matching Plus Fund Range) as well as unleveraged single stock index-linked gilt funds that aim to hedge a proportion of the interest rate and inflation risk inherent within the Plan's liabilities.

***JP Morgan – infrastructure equity - Infrastructure Investments Fund***

Benchmark	Objective	Fees*
N/A	Target 8-12% IRR and a cash yield of 5-7% p.a.	0.95% p.a.

\*An Incentive Fee is charged at 15% of the excess return over a hurdle rate of 7% time-weighted returns, subject to the Incentive Fee Cap. The Incentive Fee Cap ensures there will be no Incentive Fee earned for any returns in excess of 10% p.a. until December 31, 2022, and thereafter any returns in excess of 13.5% p.a. Investors will receive a 5% discount to management fees if the aggregate NAV of the Fund exceeds \$20bn (current size is c.\$18.2bn as at 30 June 2021).

JP Morgan are to invest in a range of infrastructure equity investments in order to meet their target return objectives of 8-12% capital return on IRR and a cash yield of 5-7% p.a.

***M&G - long lease property - M&G Secured Property Income Fund***

Benchmark	Objective	Fees
50% FTSE Over 15 Year Fixed Gilts, 50% FTSE 5-15 Year Index Linked Gilts	Outperform by 1.5% p.a. (net of fees)	0.50%

M&G do not have a stated investment objective, however it is our expectation that the Fund will outperform gilts (by c.1.0%) over the long term. The Trustee therefore uses this as a benchmark, accepting short term deviations from the return target.

***M&G – absolute return bonds – Alpha Opportunities Fund***

Benchmark	Objective	Fees
3 Month LIBOR	Outperform by 3-5% p.a. (gross of fees)	0.35%

M&G are to invest across the credit universe and aim to generate a return of LIBOR plus 3% - 5% p.a. (gross of fees) over a rolling three year period. The default duration of the Fund will be zero.

***Permira – direct lending – Permira Credit Solutions III (Senior Fund) GBP Hedged***

Benchmark	Objective	Fees
N/A (absolute return)	Achieve a net internal rate of return of 7-9% p.a.	1.00% p.a. on invested capital during the Investment Period, which is defined as three years from final closing. Invested capital refers to the proportion of the Plan's commitment that has been drawn down. 0.75% p.a. on invested capital following the Investment Period.

Permira do not have a stated investment objective, however we typically compare performance to sterling 1-month Libor plus 4% per annum for illustration purposes only.

**Date: 30 September 2021**