Tioxide Pension Fund

Statement of Investment Principles – January 2023 (replaces February 2022)

1. Introduction

The Pensions Act 1995 (Section 35), as amended from time to time ("the Act") requires that the trustees of a pension scheme must ensure that a written statement of principles covering investment decisions about the scheme is prepared and maintained.

TPF Trustees Limited, in its capacity as Trustee to the Tioxide Pension Fund (the "Fund"), has drawn up this Statement of Investment Principles ("the Statement"). As required under the Act, the Trustee has consulted a suitably qualified person in obtaining written advice from Mercer. The Trustee, in preparing this Statement, has also consulted Venator Materials PLC ("the Sponsoring Company").

The investment responsibilities of the Trustee are governed by the Fund's Trust Deed, a copy of which is available for inspection on request. If necessary, the Trustee will take appropriate legal advice regarding the interpretation of these. The Trustee notes that, according to the law, the Trustee has ultimate power and responsibility for the Fund's investment arrangements. However, the Trustee is required to consult with the Company regarding any proposed changes to the investment arrangements prior to implementation.

2. Investment Objectives and Risk

The investment policy has been developed after consideration of the objectives and risks set out below.

2.1 Investment Objectives

The Trustee's prime objective is to meet its obligations to the beneficiaries of the Fund. Consistent with this it has purchased a bulk annuity with a regulated insurance company, with the intention of achieving a full "buy-out" of all the Fund's liabilities and subsequently winding up the Fund.

This approach is consistent with avoiding the need for further contributions or payments from the employer.

Prior to achieving buyout the Fund has secondary objectives of maintaining liquidity for any short term cashflow requirements that are not met from the annuity; and immunising the Fund against fluctuations in the amount of any balancing payment due on the bulk annuity, if considered material.

The above investment objectives are those that the Trustee determines to be financially material considerations in relation to the Fund.

Given the nature of the liabilities, the investment time horizon of the Fund is potentially long-term (i.e. several decades). However, given the purchase of an annuity and an objective of buyout, the time horizon for remaining invested assets is expected to be short (of the order of one year).

Risk

There are various risks to which any pension fund is exposed which may be considered financially material over its anticipated lifetime. The Trustee has considered the following risks in relation to the Fund:

- The primary investment risk arises from a mismatch between the Fund's assets and liabilities. This is minimised by matching almost 100% of the liabilities with annuities held with a regulated insurance company.

- The annuities represent a concentration of risk that the provider does not make the required payments. As the policies are governed by insurance market solvency regulations, the Trustee believes this risk is low and has mitigated it by careful choice of provider and contract terms.

- Although bulk annuities are illiquid investments and cannot be traded on regulated markets, the Trustee is satisfied this is appropriate given the security they provide by paying members' benefits as they fall due.

- There may be unexpected payments prior to buyout. Residual assets therefore need to be sufficiently liquid to meet these.

- A balancing payment to the insurer may also be required. If material the Trustee will consider investing residual assets in such a way as to protect against fluctuations in the size of this payment (e.g. if the payment is indexed to gilt returns the Trustee may choose to invest in gilts).

- Considerations specific to Environmental, Social and Governance issues ("ESG") issues are addressed in Section 6.

Should there be a material change in the Fund's circumstances, the Trustee will review whether the current risk profile remains appropriate. Given the arrangements that are in place the likelihood of material change is considered to be very low.

3. Investment Policy

The investment policy falls into two parts: (1) the strategic management, the setting of which is one of the fundamental responsibilities of the Trustee, and (2) the day-to-day management of assets, which can be delegated to professional investment managers or (indirectly) to bulk annuity providers.

After a careful suitability review, the Trustee has invested the vast majority of the Fund assets in a bulk annuity with Legal and General Assurance Society ("LGAS"). LGAS is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA. The Trustee has taken steps to satisfy themselves that LGAS has the appropriate knowledge and experience. Residual assets are held in pooled funds managed by Legal & General Investment Management ("LGIM"). These are held in LGIM's Sterling Liquidity Fund. However, if appropriate the Trustee may instead invest a proportion of the assets in one or more pooled gilt funds and (subject to review) would expect to appoint LGIM for this purpose.

Guidelines for the Sterling Liquidity Fund are set out below:

Asset Class	Benchmark Index
Cash	Sterling Overnight Index Average

The Sterling Liquidity Fund (SLF) aims to provide capital protection for investors but with a low level of growth. Capital protection is not guaranteed. The SLF invests in a diversified range of short term money market instruments via government and financial institutions.

4. Selection, Retention and Realisation of Investments

The selection, retention and realisation of assets is carried out in a way consistent with the overall principles set out in this Statement.

5. Additional Voluntary Contributions ("AVCs")

The Trustee is responsible for monitoring the suitability of the Fund's AVC arrangements, in which members are invested in a range of investment vehicles. The Trustee will keep AVC arrangements and member options under periodic review.

6. Responsible Investment and Corporate Governance (including Engagement Activities)

The Trustee believes that good stewardship and environmental, social and governance ("ESG") issues may have a financially material impact on investment returns, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustee has implicitly delegated consideration of ESG issues, engagement and stewardship obligations to LGAS in relation to the majority of Fund assets via a bulk annuity contract. The annuity contract makes contractual payment to the Fund dependent only on the benefits payable under the contract. As a result, the Trustee has minimal direct exposure to risks arising from long-term sustainability issues, including climate change. The Trustee took expert advice as to LGAS's ESG credentials in the form of due diligence prior to entering into the buy in contract. The Trustee is satisfied that LGAS apply due consideration to ESG issues in the investment of assets underlying the contract.

The Trustee will monitor periodically the ESG policies of the investment manager(s) responsible for residual assets.

7. Non-Financial Matters

Non-financial matters (as defined in the relevant regulations) are not taken into account when determining investment policy or in the selection, retention or realisation of the investments. Member views are not actively sought. The Trustee will review this policy from time to time and in response to significant member demand.

Investment Manager Arrangements

Alignment of Objectives and Incentivisation:

LGAS

LGAS has been appointed with the aim of insuring the Fund's liabilities and reducing the Fund's funding volatility. The Trustee sought expert advice in relation to this appointment. This included an assessment of LGAS's capabilities, knowledge and experience. The annuity policy is managed in line with the Fund's specific liabilities and investment requirements. Therefore, the policies are aligned with the Trustee's objectives and the terms of the policy and the regulatory regime under which LGAS operates incentivises LGAS to meet the Trustee's objectives. The Trustee understands that they have no ability to determine or influence the assets in which LGAS invests. The Trustee recognises that the annuity investment is illiquid and should assume that it cannot be traded.

LGIM

LGIM have been appointed to manage the Fund's residual assets, which are held for the purpose of covering any future costs or balancing payments due to LGAS. These are expected to be held in LGIM's Sterling Liquidity Fund. The Trustee sought expert advice in relation to investing in this Fund. This included an assessment of LGIM's capabilities, knowledge and experience. The Trustee will take advice before investing in any other vehicles.

The LGIM Sterling Liquidity Fund is a multi-investor pooled investment vehicles. The Trustee therefore accepts that it has little to no ability to specify, or incentivise the managers to adopt, a particular risk profile, return target, underlying asset classes or investment policies for the pooled fund which are set by the manager and apply to all investors in such vehicle. The Trustee has therefore selected a vehicle that best aligns with its own policies in terms of investment objectives and guidelines (as set out in relevant governing documents) and, once appointed, will review the appointment should there be any material changes in these terms.

For LGIM's appointment, retention is dependent on the Trustee having ongoing confidence that the investment manager will achieve its objective. The Trustee makes this assessment taking into account various factors which includes performance to date as well as an assessment of future prospects.

LGIM are therefore incentivised both to achieve the objectives set for them, which are consistent with the Trustee's policies and objectives, and to ensure that they remain capable of doing so on a rolling basis. This encourages LGIM to take a suitable long term view when assessing the performance prospects of, and engaging with, the equity and debt issues in which they may invest or seek to invest (if any). The Trustee recognises however that due to the modest amount invested and the potentially short tenure incentivisation of LGIM is predominantly dependent upon the behaviour of other investors and on the impact on their reputation of failing to act in line with their objectives.

Performance Assessment & Fees

LGAS

LGAS does not receive on-going remuneration from the Fund. The premium paid for the annuity policy covers the insurer's implicit fees with the Trustee's choice of insurer taking the size of the premium into account. The Trustee is satisfied that this is the most appropriate basis for remunerating the insurer, who was appointed in a competitive process.

LGIM

The Trustee will consider a range of factors, with the assistance of their investment consultant, when assessing LGIM. The Trustee will do so in a manner proportionate to the size and expected length of their appointment.

LGIM are remunerated by the way of a fee calculated as a percentage of assets under management. The principal incentive is for the investment manager to retain their appointment by achieving their stated objectives in order to continue to receive the associated fee.

Portfolio Turnover Costs

LGAS

The obligation of the insurer to make payments is not impacted by on-going turnover costs and is not considered by the Trustee.

LGIM

Turnover costs in relation to LGIM's appointment are expected to be minor and are not monitored explicitly.

8. Compliance with this Statement

The Trustee will monitor compliance with this Statement annually

9. Review of this Statement

The Trustee will review this Statement without delay in response to any material changes to any aspects of the Fund, its liabilities, finances and the attitude to risk of the Trustee and the Sponsoring Company which they judge to have a bearing on the investment policy. This review will occur no less frequently than every three years to coincide with the Actuarial Valuation. Any such review will again be based on written, expert investment advice and will be in consultation with the Sponsoring Company.

Signed:

Date:

For and on behalf of TPF Trustees Limited, in its capacity as Trustee to of the Tioxide Pension Fund