

Strategic Objectives for Investment Consultancy Services: Tioxide Pension Fund (the “Fund”)

The Fund Trustee has appointed Mercer Limited (the “IC Provider”) to provide Investment Consultancy Services (as defined in Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2019 (“the Regulations”). This document sets out the strategic objectives against which the Trustees will monitor the performance of the IC Provider in compliance with the Regulations (and, to the extent applicable, any superseding legislation), in relation to the Fund.

The objectives may be revised at any time but should be reviewed at least every three years, and after any significant change to the Fund’s investment strategy and objectives which impact the Fund.

Overall Objective

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 is the “Overall Objective”.

The Trustee has concluded that, subject to being consistent with the agreed investment consultancy services to be provided by the IC Provider, the following objectives for the IC Provider will, if well executed, contribute towards achieving the Fund’s Overall Objective:

1. Alignment of services with the Overall Objective

The IC Provider should take into account the Overall Objective above and, in doing so, will give due consideration to relevant circumstances of the Fund. Given the Overall Objective, the main focus is maintaining a suitable policy for investing the residual assets including the responsibilities of the Trustee to consider environmental, social and governance (ESG) factors (including climate change) and stewardship risks.

2. Investment strategy objective

The IC Provider should guide the Trustee in determining appropriate investment objectives, consistent with the Overall Objective. These are set out in the Fund’s Statement of Investment Principles and include being able to meet any ongoing payment requirements (not met by the bulk annuity) and any balancing premium out of residual assets, without needing to have recourse to the Sponsoring Employer.

3. Investment manager selection objective

Where appropriate, the IC Provider should make recommendations on the appointment and retention of appropriate investment managers and on portfolio construction with those managers’ strategies and funds, consistent with the overall investment objectives and the chosen investment strategy.

4. Management of residual assets

The IC provider should provide advice on how best to manage the residual assets held in addition to the buy-in contract for the purpose of meeting unexpected future payments and/or any balancing premium due to LGAS, without the need to have recourse to the Sponsoring Employer.

5. Implementation objective

The IC Provider should assist with achieving timely and cost-effective implementation of the Trustee's investment decisions.

6. Statement of Investment Principles

The IC Provider should provide guidance on any matters in respect of which the Trustee is required by law to seek advice in relation to the preparation or revision of the Fund's statement of investment principles.

7. Monitoring objective

The IC Provider should assist with measuring the success of the Trustee's chosen investment strategy and investment manager structure against the investment strategy objective, as appropriate.

The Trustee acknowledges that the IC Provider's acceptance of the objectives set out herein shall not create binding legal rights, obligations or guarantees, in respect of investment consultancy services to be provided by the IC Provider. The provision of investment consultancy services by the IC Provider shall be governed by separate engagement documentation agreed between the Trustee and the IC Provider. To the extent that additional services shall be required to be performed by the IC Provider by virtue of the objectives, this shall be documented formally by the parties.

Signed for and on behalf of TPF Trustees Limited in its capacity as Trustee of the Tioxide Pension Fund

Date