Vesuvius Pension Plan (the ‘Plan’)
Statement of Investment Principles (SIP)
September 2023
(Version 15)

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 Trustee also complies with the requirements to maintain and take advice on the Statement and with the disclosure requirements.

1. Introduction

1.1 The Vesuvius Pension Plan ("the Plan") is a defined benefits (DB) scheme which operates for the exclusive purpose of providing retirement benefits and death benefits to Plan members and their dependants.

1.2 Members of the Plan were contracted out of the State Second Pension (S2P), formerly the State Earnings Related Pension Scheme (SERPS).

1.3 The Plan is a Registered Pension Scheme under Chapter 2 of Part IV of the Finance Act 2004.

1.4 Administration of the Plan is managed by the Trustee, with day-to-day administrative matters being delegated to the Secretary to the Trustees and to a Third Party Administrator.

1.5 The Trustee has delegated overall investment management responsibilities for the Plan to the Investment Managers within the remit of a strategy agreed by the Trustee after consideration of advice from the Investment Advisor (Aon).

1.6 Under the Pensions Act 1995, the Trustee is required to prepare a statement of principles governing investment decisions. This document fulfils that requirement.

1.7 The Trustee has consulted the Principal Employer on this document and will consult the Principal Employer (and such other participating employers as may be required) on subsequent changes in its investment principles. However, the ultimate power and responsibility for the investment of the Plan's assets lies solely with the Trustee. In preparing this document the Trustee has had regard to the requirements of the Pensions Act concerning diversification of investments and suitability of investments taking into consideration the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005. The Trustee will consider those requirements on any review of this document or any change in its investment policy.

1.8 In drawing up this document, the Trustee has sought advice from the Plan's Investment Advisor (Aon). The Trustee will review this document annually or after any significant change in investment policy.

1.9 This SIP replaces all earlier versions of the document.

1.10 In this document:

1.10.1 “Sponsoring Employer” means Vesuvius Holdings Limited. “Investment Manager(s)” refers to those responsible for segments of underlying investments of the Fund.

1.10.2 “Fund” refers to the total investments of the Plan.

Additional Voluntary Contributions (AVCs)

The Plan's AVC arrangements are now closed to new contributions. However the Trustee offers investment alternatives as follows for all AVC investments:

- Utmost Life and Pensions (formerly Equitable Life)
- Prudential Assurance Company Limited
- Zurich Assurance
- Standard Life (ex-Foseco Members)

The Trustee reviews these investments from time to time with the Investment Advisor and also with Premier Benefits Solutions, an FCA regulated advisor. The Trustee believes that these investments provide members with the appropriate range of investment opportunities given the membership, the level of investment and the fact that the arrangement is closed to new investments. Some investments are retained for historic purposes.

2. Investment Principles

Investment Objectives

2.1 The Trustee aims to invest the assets of the Plan prudently to ensure, as far as possible, that the benefits promised to members are provided.

In setting the investment strategy, the Trustee first considered the lowest risk asset allocation that it could adopt in relation to the Plan's liabilities. The asset allocation strategy that has been selected is designed to maintain a prudent approach to meeting the Plan's liabilities.

In choosing this overall objective, the Trustee recognises the level of risk compared to the liabilities that accompanies the investment strategy.

These objectives have been set in consultation with the Sponsoring Employer and in light of the assessment of the Employer Covenant, ability to pay and the Employers ability to withstand poor investment returns in the future.

Investment Strategy - General

2.2 In November 2021, the Trustee agreed a low-risk investment strategy comprising of a full plan buy-in contract (commencing in November 2021) with Pensions Insurance Corporation ("PIC" and "the contract"). Under the terms of the contract, PIC is committed to paying the retirement benefits due to all members and their dependents that were included in the contract.

The Plan's remaining assets are managed by the Investment Managers. The Plan's Liquid Assets are invested to preserve the capital value and the Illiquid Assets are managed on a care and maintenance basis. Income and capital received from the Illiquid Assets will be invested into the Liquid Assets in line with the Liquid Assets objective following instruction from the Trustee or its advisors, within its granted authority.

Previous versions of the SIP recognised that increasing maturity of the Plan's ongoing DB liabilities was likely, in due course, to result in an increasing proportion of the Plan's assets being invested in liability matching assets. This has been realised in the completion of an initial buy-in of the Plan's Pensioner Liabilities, subsequent annual buy-ins of new pensioners until 2018 and the full plan buy-in transacted in November 2021.

The investment strategy was determined with regard to the actuarial characteristics of the Plan, in particular the strength of the funding position and the liability profile. When choosing the Plan's asset allocation including the buy-in policy, the Trustee considered written advice from its risk settlement and investment advisors.

The Trustee, insurer and various advisers are now in the process of reconciling the members and benefits insured under the buy-in policy.

Trust Deed

2.3 No asset categories are specifically excluded, for the Plan as a whole, by the Trust Deed. However the Investment Managers will use all reasonable endeavours not to invest directly in securities of Vesuvius plc or any of its subsidiary companies excepting that Vesuvius has made a gift of shares in an Indian subsidiary to the Trustees which they hold at their own discretion and will manage on a discretionary basis.

2.4 The Trustee is permitted by the Trust Deed to borrow money. The Trustee Directors do not intend to make use of this provision on a regular basis and any proposal to borrow money will require the approval of the Trustee Directors.

Benchmark, permitted assets and ranges

2.5 The Trustee elected to purchase a buy-in contract with PIC (PIC and the "Contract"). The Investment Advisor and the Trustee consider the Contract in assessing the appropriate strategy, benchmarks and investment ranges. Given the nature of this asset the Trustee does not believe it is appropriate to assign a benchmark index or target allocation weight.

The table below shows the strategic asset allocation and strategic benchmarks for the assets which have been designed to meet the objectives. The strategic asset allocation and benchmarks will be reviewed as and when required by the Trustee.

Vesuvius Pension Plan Asset Allocation

Fund Strategy	Benchmark index	Target Strategy Allocation Weight (%)
Liquid Assets Strategy		
BlackRock ICS Sterling Liquidity Fund	Sterling Overnight Index Average	100%*
Illiquid Assets Strategy		
Infrastructure	n/a	n/a*
Non-Discretionary Indian Investment	n/a	n/a*

*The Trustee has agreed to sell all of its Illiquid Assets. Due to the illiquid nature, these assets cannot be sold quickly nor/or in a single transition. Any disinvestment proceeds from the Illiquid Assets are invested into the Liquid Assets.

Regulatory Requirements

2.6 The assets shall consist predominantly of investments traded on regulated markets and investment in assets which are not traded on such markets shall be kept to a prudent level.

2.7 Assets shall be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings and so as to avoid accumulations of risk in the portfolio as a whole. Investments in assets issued by the same issuer or by issuers belonging to the same group shall not expose the Plan to excessive risk concentration.

2.8 Investment in derivative instruments will be made only if they contribute to a reduction of risks, facilitate efficient portfolio management (including the reduction of cost or the generation of additional capital or income with an acceptable level of risk) or as a method of implementing any liability matching strategy. Any such investments must be made and managed so as to avoid excessive risk exposure to a single counterparty and to other derivative operations.

2.9 The Trustee or Investment Managers will not borrow money or act as guarantor for the purpose of providing liquidity.

2.10 The Trustee considered these regulatory requirements before entering into the buy-in policy with PIC and setting its investment strategy. Given the nature of the remaining assets and the buy-in policy the Trustee believes the investment strategy remains appropriate and in line with these regulatory requirements, having considered the reserving requirements and regulatory framework imposed upon PIC.

Responsible Investing

2.11 The Trustee recognises that Environmental, Social and Governance (ESG) risks could impact the ability of the Plan to meet its investment objectives and therefore the Trustee has considered how to evaluate and manage these risks when setting its investment strategy as set out in the following paragraphs (along with other matters).

2.12 Given the nature of the Plan's buy-in policies, the Trustee believes it has a limited scope to influence the ongoing stewardship and corporate governance activities of the insurer as a result it will not actively seek to monitor its activities and policies in this area. Should the Trustee be provided with any opportunity which it deems appropriate to engage PIC it will consider this and will outline its views and expectations of the insurer – should it deem this to be appropriate.

2.13 The Trustee will ensure that the Plan's Investment Managers shall, alongside other investment risks, integrate consideration of ESG risks throughout its investment decision making processes,

2.14 The Trustee will request that:

- the Investment Advisor, as part of its due diligence, assesses the approach of all the Plan's Investment Managers in integrating ESG risks considerations into the selection, retention and realisation of investments, before appointing them;

- the Investment Advisor, as part of its ongoing monitoring, reviews the execution of voting and engagement responsibilities and periodically reports back its findings to the Trustee (for example where the Plan invests in pooled funds, the Plan's Investment Managers are responsible for exercising voting rights and reporting on how they have exercised those rights); and

- where UK-domiciled investment managers are not signatories to the Financial Reporting Council's (FRC's) UK Stewardship Code, the Investment Advisor shall consider the Investment Managers' rationale for this position and, where appropriate, report back its findings to the Trustee.

STEWARDSHIP

2.15 The Trustee understands that stewardship can enhance value over the long term and recognises that it has a responsibility to act as a good steward and protect and grow the long-term value of the Plan's for the benefit of the Plan's members.

2.16 In order to be a good steward, the Trustee has set a policy to ensure that the Plan's respective stakeholders undertake activities in relation to issues that have a material impact on the long-term value of the Plan's investments.

2.17 Following the purchase of the final buy-in contract, the Trustee has delegated the management of the collateral backing the buy-in policies to PIC. This includes responsibility for stewardship activities, including voting and engagement. The Trustee accepts responsibility for how PIC stewards assets on its behalf, including the casting of votes in line with its voting policies.

2.18 For the remaining assets, the Trustee delegates all stewardship activities, including voting and engagement, to the Investment Managers. The Trustee accepts responsibility for how the Investment Managers steward assets on its behalf, including the casting of votes in line with each manager's individual voting policies. The Trustee expects the Investment Managers to implement the stewardship policy as far as is reasonably practicable. The policy includes ensuring to the extent possible that the Investment Managers exercise on the Trustee's behalf rights and duties as an investor. This should include, where appropriate, voting and engaging with underlying investee companies, as part of an effective stewardship approach that meets the Trustee's expectations. The Trustee expects that voting and engagement activities are carried out in the best financial interests of the assets being managed.

2.19 The Trustee reviews its Investment Managers' voting and engagement policies and activities on an annual basis where relevant, with the support of the Investment Advisor. The Trustee reviews these factors to check they are aligned with expectations and can reasonably be in the Trustee's, and therefore the members', best interests. The Trustee expects that the Investment Managers will provide details of their stewardship activities on an annual basis and will monitor this with input from their Investment Advisor. The Trustee will engage with their Investment Managers where necessary for more information. Any prospective managers are required to provide this information in advance of their appointment.

2.20 If the Trustee's monitoring reveals that an Investment Manager's voting or engagement policies, or its stewardship actions are not aligned with the Trustee's expectations, the Trustee will engage with the manager, via different medium such as emails and meetings, to seek a more sustainable position, but it may look to replace the manager.

2.21 From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

ARRANGEMENTS WITH MANAGERS

2.22 Following the purchase of the final buy-in contract, and with the exception of the residual assets, the responsibility for managing arrangements with the underlying asset managers lies with PIC. This responsibility may include ensuring that arrangements with appointed asset managers are aligned to achieving the medium and long-term objectives of PIC and as established within the contractual terms of the buy-in contract of the Plan.

2.23 For any residual assets, the Trustee recognises that the arrangements with the Investment Managers of the Plan are important to ensure that its interests are aligned as far as is reasonably practicable. In particular, the Trustee seeks to ensure that

Investment Managers are incentivised to act in a way which generates the best long-term results for the Plan.

2.24 The Trustee's policy on arrangements with Investment Managers will take into account, where applicable, the following four considerations:

- How that arrangement incentivises the Investment Managers to make decisions based on assessments about the medium to long-term financial and non-financial performance of issuers of debt or equity.
- How the method and time horizon of the evaluation of the Investment Managers' performance and the remuneration for services are in line with the Trustee's investment policies.
- How the Trustee monitors "portfolio turnover costs" incurred by the Investment Managers, and how they define and monitor targeted portfolio turnover or turnover range.
- The duration of the arrangement with the Investment Managers.

2.25 The Trustee recognises that there are different ways to engage with its Investment Managers including legal documentation as well as more informal arrangements such as ad hoc communication and reporting and monitoring deliverables provided by each Investment Manager. The Trustee has an agreement in place with BlackRock who is responsible for the ongoing management of its Liquid Assets and Non-Discretionary Assets. The Trustee will also issue formal instructions to BlackRock as required (e.g. to redeem or invest funds).

Benchmark Rebalancing Policy

2.26 (i) Strategic Benchmark

For the purposes of rebalancing and for performance assessment, the asset classes have been divided into Liquid Assets and Illiquid Assets.

The Liquid Assets benchmark consists of one investment so will not drift over time

The Illiquid Assets benchmark weights will not be rebalanced. This reflects the nature of the asset classes held.

(ii) Permitted Ranges:

The Fund will be invested in accordance with the ranges set out above.

Currency

2.27 The base currency for the Plan is Sterling.

Investment Restrictions

2.28 Voting

Investment Managers may at their discretion, except when otherwise directed by the Trustee, exercise or procure the exercise of any voting rights or other powers and discretions conferred on the registered holder or the beneficial owner of any securities in the Fund.

2.29 Collective Investment Schemes and other Comingled Funds

Investment in collective investment schemes and other comingled funds (including limited liability partnerships) is permitted

2.30 Derivatives

Investment Manager(s) may deal in derivatives (options, futures, contracts for differences and forwards). This includes dealing in derivatives not traded on or under the rules of a recognised or designated investment exchange (i.e. an over-the-counter (OTC) derivatives transaction).

2.31 Supplementing the Fund
Where the Trustee supplements the assets of the Fund by the transfer of additional cash ("New Cash") the Investment Manager may place deals before the Outside Custodian has notified it of receipt into the Fund of the New Cash. In the event that the Fund is not credited with the New Cash in sufficient time to settle the deals that the Investment Manager has placed, the Investment Manager may overdraw the bank accounts held with the Outside Custodian in order to provide sufficient monies to settle the deals on their due settlement dates.

The Investment Managers may, for settlement purposes and on a temporary basis only, without prior reference to the Trustee, enter into a transaction on the Trustee's behalf which may result in the Investment Managers having to arrange to borrow money for the Trustee.

2.32 Deposits
The Trustee cash is deposited with its custodian and into the Trustee Bank Account. Other cash may be invested into an appropriate, high quality, liquidity fund or where the Trustee has agreed, money market instruments.

2.33 Stocklending
Investment Manager(s) will not engage in stocklending except in the case of pooled funds, where client interests cannot be separated, but the manager must obtain indemnity from the Custodian and all loans should be collateralised in full.

2.34 Liquidity
When setting strategy the Trustee has regard to ensuring that there is sufficient liquidity to meet any immediate payments. Sufficient assets are held that are broadly liquid and sufficient to cover any foreseeable requirements either through income generation or through the sale of readily realisable assets such as a liquidity fund.

3 Governance

Trustee Directors

3.1 In respect of the investment of the Plan's assets, the Trustee Directors are responsible for:

a. Reviewing annually the Statement of Investment Principles and modifying it if appropriate
b. Appointing (and when necessary, dismissing) the Investment Advisor and Investment Managers
c. Conducting strategic investment reviews and agreeing the investment strategy
d. Appointing (and, when necessary, dismissing) the firm or firms with responsibilities for the custody of the Plan's assets ("the Custodians") including monitoring their security and efficiency
e. Assessing the quality of the performance and processes of the Investment Advisor and Investment Managers and agreeing such changes as are deemed necessary
f. Assessing the performance of the senior staff working for the Investment Advisor and Investment Managers and agreeing such changes as are deemed necessary
g. Consulting with the employer when reviewing investment principles

h. Monitoring the success of the Trustee in achieving the Plan objectives
i. Monitoring the performance of advisors to the Trustee

Investment Advisor

3.2 The Investment Advisor is responsible for:
a. Developing a revised strategy as and when required.
b. Ongoing investment strategy and advice.
c. Commenting on the Trustee's Statement of Investment Principles on request.
d. Trustee training and education on investment related issues.

Investment Manager(s)

3.3 Investment Manager(s) of the assets are responsible for:
a. Investment of funds as instructed by the Trustee
b. Provision of information required by the Trustee and Investment Advisor for the proper monitoring and reporting of the assets.

General Partners of Limited Partnerships

3.4 The General Partners of limited partnerships, which invest the Infrastructure assets are responsible for:
a. Investment at their discretion, but within the terms of the partnership agreements, in various infrastructure or hedge fund opportunities
b. Providing the Trustee and Investment Advisor with quarterly statements of the assets and cash flows
c. Informing the Trustee and Investment Advisor of any significant personnel changes

Custodians

3.5 The Custodians are responsible for:
a. The safekeeping of those assets of the Plan for which they have been given responsibility and the issues which this covers
b. Providing all appropriate administration relating to the Plan's assets
c. Processing all dividends and any tax reclaims in a timely manner
d. Investing cash in a manner consistent with the Trustee's guidelines
e. Notifying the Trustee, Investment Advisor and the relevant authorities when the Plan's aggregate holdings exceed disclosable amounts
f. Dealing with corporate actions
g. Calculating the overall performance of the Plan and reporting this to the Investment Advisor and Trustee
e. Providing the Trustee with quarterly statements of the assets, individual and overall fund performances

4 Risk Management

The Trustee recognises that the key risk to the Plan is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustee believes that by entering into the full scheme buy-in policy with PIC a large number of these risks have been mitigated. Some residual risks do remain which have the potential to cause a deterioration in the Plan's funding level and therefore contribute to funding risk. These are as follows:

- The risk of a shortfall of liquid assets relative to the Plan’s immediate liabilities or expenses (“cash flow risk”). The Trustee and its advisers will manage the Plan’s cash flows, taking into account the timing of future payments, in order to minimise the probability that this occurs.
- The failure by the Investment Managers to achieve the rate of investment return assumed by the Trustee (“manager risk”). This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk (“risk of lack of diversification”). The Trustee and its advisers considered this risk when setting the Plan’s investment strategy.
- The possibility of failure of the Plan’s sponsoring employer[s] (“covenant risk”). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence (“operational risk”). The Trustee has 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.
- The risk of a default by a bulk annuity provider (buy-in insurer) ("insurer default/credit risk"). The Trustee and its advisers considered the strength of the insurer before entering into the policy, whilst considering the wider regulatory framework within which they are required to operate.
- The risk that unknown or unexpected liabilities are uncovered, unexpectedly increasing the liability value. Were such circumstances to arise the Trustee would have contingent measures in place.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews. In particular, the mismatching risk was modelled explicitly as part of the most recent investment strategy review.

In November 2021, the Trustee agreed a low-risk investment strategy comprising of a full plan buy-in contract with PIC which relates directly to the Plan’s liabilities. Under the terms of the contract, PIC is committed to paying the retirement benefits due to all members and their dependents that were included in the contract. The Plan’s remaining assets are managed by the Investment Managers. The Plan’s Liquid Assets are invested to preserve the capital value and the Illiquid Assets are managed on a care and maintenance basis. The Trustee’s policy is to monitor, where possible, these risks quarterly.

5 Direct Investments

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 Trustee’s policy is to review its direct investments and to obtain written advice about them at regular intervals. When deciding whether or not to make any new direct investments the Trustee will obtain advice and consider whether future decisions about those investments should be delegated to the Investment Managers.

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 Trustee (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 Trustee's investment adviser has the knowledge and experience required under the Pensions Act 1995.

Aon advise on the direct investments, including those with BlackRock and Macquarie.

6 Fees

The Investment Advisor is paid based on an agreed budget for the scope of work.
The Investment Managers are paid on the basis detailed in the Investment Manager Agreement and/or is calculated based on the annual management charge and assets under management.

7 The Myners' Review 2002

The Vesuvius Pension Plan aims to comply with all of the Myners' Principles, recognising it is in all parties' interests if the Plan operates to standards of investment decision-making and governance identified as best practice. Compliance is monitored regularly, the most recent review being in June 2013.

8 Conclusion

The Trustee expects the Investment Advisor and the Investment Managers to manage the assets delegated to them under the terms of their contract and to give effect to the principles in this statement so far as is reasonably practicable.

The Trustee will review this SIP annually and immediately following any significant change in investment policy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

Declaration

The Trustee confirms that this Statement of Investment Principles reflects the Investment Strategy it has implemented for the Plan. The Trustee acknowledges that it is its responsibility, with guidance from the Investment Advisor, to ensure the assets of the Plan are invested in accordance with these principles

ALLAN COURSE …………………………………	PAUL READ …………………………………
Trustee Director	Trustee Director
Date: 14.11.2023 …………………………….	Date: 14.11.2023 …………………………….

Appendix

Trustee Directors and Advisors

Trustee Directors

CCPTL represented by Allan Course
Ben Sutton
Rachel Fell
Michael Satterthwaite
Paul Read
Ellen Brown
*CCPTL – Capital Cranfield Pension Trustees Limited

Secretary to the Trustee

Premier Pensions Management represented by David Jarman

Investment Advisor

Aon

Investment Managers and General Partners of Limited Partnerships

BlackRock Investment Managers
Macquarie Investment Management (UK) Limited

Custodians

J.P. Morgan
Karibu Ltd

Scheme Actuary

Aon – David Hunt

Scheme Auditor

Nexia Smith & Williamson Audit Limited

Legal Advisor

Linklaters LLP