

Statement of Investment Principles

Du Pont (U.K.) Limited Pensions Fund – DB Section

(June 2024)

Introduction

1. This document is the Statement of Investment Principles (the 'SIP') made by the Trustee of the Du Pont (U.K.) Limited Pensions Fund ("the Fund") in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it).
2. The Trustee has appointed an investment manager to manage the Fund's assets on a discretionary basis and to provide investment advisory services to the Trustee (the "Fiduciary Manager").
3. The Trustee will review this SIP at least every three years and without delay after any significant change in investment policy. Before finalising this SIP, the Trustee took written advice from the Fund's Fiduciary Manager (Towers Watson Limited) and consulted DuPont (U.K.) Limited (the 'Employer'). The ultimate power and responsibility for deciding investment policy, however, lies solely with the Trustee. The Trustee will obtain advice on the suitability of its investments at least every three years in conjunction with reviewing this SIP.
4. This SIP replaces the SIP dated December 2022.

Fund objectives

5. The following funding objectives were adopted as part of the 31 December 2020 actuarial valuation:
 - The statutory funding objective is for the Fund to have sufficient and appropriate assets to cover its technical provisions.
 - In addition, the Trustee has a long-term aim to secure sufficient assets so that the Fund may be considered self-sufficient i.e., that the Fund has sufficient assets to pay members' benefits with a high degree of certainty without significant reliance on the participating employers.
 - The Trustee has secured annuity buy-in policies for a portion of the pensioner liabilities. The remainder of the uninsured assets will be invested to deliver returns which are expected to be at least sufficient to meet the returns needed to satisfy the funding objectives.
 - The technical provisions funding method and assumptions anticipate an average annual return on assets notionally deemed to back the uninsured liabilities of at least 1.51% per annum in addition to the yield available on a portfolio of matching UK Government bonds (gilts), between now and 31 December 2032. From 1 January 2033, the assumed average return for technical provisions funding purposes is 0.25% per annum above gilts.

- The Trustee will set the initial investment strategy to target an average return of gilts plus 2.1% per annum from the uninsured assets, in order to provide a prudent margin above the return assumed under the technical provisions' assumptions.
- The Fund benefits from formal support from DuPont de Nemours, Inc (the Guarantor) in the form of two guarantees.
- A condition of the 2019 guarantee is that the investment strategy is not changed in a way which causes a detrimental change to the technical provisions or technical provisions deficit, without prior agreement of the Guarantor or Du Pont (U.K.) Limited on behalf of the Guarantor.

Investment strategy

6. The Trustee has received advice to determine appropriate investment objectives and strategy for the Fund. The Trustee has a desire to diversify risk exposures and to manage its investments effectively.
7. The investment objectives are driven by the financial characteristics of the Fund, in particular the nature and duration of the Fund's liabilities and the risk tolerance of the Trustee and the Principal Employer.
8. The investment strategy makes use of a broad range of investments, including:
 - a diversified portfolio of growth assets, including global equities, credit, private markets
 - a liability driven investment portfolio invested in pooled funds
 - 'buy-in' insurance policies covering a proportion of the Fund's liabilities
 - cash or other money market instruments
9. The balance within and between these investments will be determined at the discretion of the Fiduciary Manager, with the objective of maximising the probability of achieving the Fund's investment objective set by the Trustee. The Fiduciary Manager's discretion is subject to guidelines set by the Trustee in the Fiduciary Management Agreement (the "FMA") between the parties as amended from time to time. In exercising investment discretion, the Fiduciary Manager is required to act in accordance with its obligations in the FMA, including the guidelines and any investment restrictions set out therein, and, in so doing, is expected to give effect so far as reasonably practicable to the principles contained in this SIP. This ensures appropriate incentivisation and alignment of decision-making with the Trustee's overall objectives, strategy and policies.
10. The Trustee will monitor the liability profile of the Fund and will regularly review, in conjunction with the Fiduciary Manager and the Scheme Actuary, the appropriateness of its investment strategy.
11. The expected return of all the Fund's investments will be monitored regularly and will be directly related to the Fund's investment objective.
12. The Trustee's policy is that there will be sufficient investments in liquid or readily realisable assets to meet cashflow requirements in foreseeable circumstances so that the realisation of assets will not disrupt the Fund's overall investments, where possible. The Fiduciary Manager, together with the Fund's administrators, will hold sufficient cash to meet benefit and other payment obligations.

Investment managers

13. The Trustee has delegated investment selection, de-selection and the ongoing management of relationships with investment managers to the Fiduciary Manager within guidelines set by the Trustee in the FMA. Investments will be made by the Fiduciary Manager on behalf and in the name of the Trustee, either directly in pooled vehicles or by the appointment of third-party investment managers to provide discretionary investment management services to the Trustee.
14. In accordance with the Financial Services and Markets Act 2000, the Trustee will delegate the selection of specific investments to investment managers. The investment managers will provide the skill and expertise necessary to manage the investments of the Fund competently.
15. The Trustee considers the Fiduciary Manager's performance in carrying out these responsibilities as part of its ongoing oversight of the Fiduciary Manager. The Trustee expects the Fiduciary Manager to ensure that the Fund's investment portfolio, in aggregate, is consistent with the policies set out in this SIP, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustee expects the Fiduciary Manager to:
 - check that the investment objectives and guidelines of any pooled vehicle are consistent with the Trustee's policies contained in the SIP;
 - set appropriate guidelines within each investment management agreement, where applicable, with a view to ensuring consistency with the Trustee's policies contained in the SIP.
16. The Trustee expects the Fiduciary Manager to select investment managers with an expectation of a long-term partnership with the Trustee, which encourages active ownership of the Fund's assets.
17. For most of the Fund's investments, the Trustee expects the Fiduciary Manager to select investment managers with a medium to long time horizon, and to use their engagement activity where applicable to drive improved performance over these periods.
18. The Trustee and Fiduciary Manager are not involved in the investment managers' day-to-day method of operation and do not directly seek to influence attainment of their performance targets. However, the Fiduciary Manager may provide investment recommendations to the investment managers of certain pooled funds appointed where it considers it appropriate. The Fiduciary Manager will maintain processes to ensure that performance is assessed on a regular basis against a measurable objective for each manager, consistent with the achievement of the Fund's objectives, and an acceptable level of risk.
19. When assessing a manager's performance, the Trustee expects the Fiduciary Manager to focus on longer-term outcomes, commensurate with the Trustee's position as a long-term investor. Consistent with this view, the Trustee does not expect that the Fiduciary Manager would terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team. The Trustee adopts the same long-term focus as part of its ongoing oversight of the Fiduciary Manager.
20. The Trustee expects the Fiduciary Manager to consider the fee structures of investment managers and the alignment of interests created by these fee structures as part of its investment decision making process, both at the initial selection of an investment manager and

on an ongoing basis. Most managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services agreed prior to investment. The scope of services will include consideration of long-term factors and engagement where applicable. In some cases, additional fees may be paid to managers based on investment performance exceeding pre-agreed targets. The Trustee expects the Fiduciary Manager to review and report on the costs incurred in managing the Fund's assets regularly, which includes the costs associated with portfolio turnover.

21. In assessing the appropriateness of the portfolio turnover costs at an individual investment manager level, the Trustee expects the Fiduciary Manager to have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

Financially material considerations and non-financial matters

22. The Trustee recognises that factors including, but not limited to, environmental, social and governance (ESG) factors including climate change, can have a material financial impact on the Fund given its long-time horizon, and that taking account of such 'financially material considerations' as part of investment decision-making is expected to have a positive financial benefit to the Fund over the longer term. The Trustee have identified their stewardship priorities of climate change and diversity, equity and inclusion as key areas of focus.
23. Consequently, the Trustee (through the selection of the Fiduciary Manager with its approach to ESG issues as set out below) seeks to be an active long-term investor. The Trustee's focus is explicitly on financially material factors.
24. The Trustee's policy is that day-to-day decisions relating to the investment of Fund assets are left to the discretion of its investment managers. This includes consideration of all financially materially factors, including ESG-related issues where relevant.
25. The Trustee's policy is to delegate responsibility for the exercising of ownership rights (including voting rights) attaching to investments to the investment managers. The Fiduciary Manager has appointed Hermes EOS to undertake public policy engagement on its behalf as well as company-level engagement.
26. The Trustee recognises the UK Stewardship Code as best practice and encourages its investment managers to comply with the UK Stewardship Code or explain where they do not adhere to this policy. The Fiduciary Manager encourages and expects the Fund's investment managers to sign up to local or other applicable stewardship codes, in keeping with good practice, subject to the extent of materiality for certain asset classes. The Fiduciary Manager itself is a signatory to the Principles for Responsible Investment and the UK Stewardship Code and is actively involved in external collaborations and initiatives.
27. The Fiduciary Manager has a dedicated sustainable investment resource and a network of subject matter experts. The consideration of ESG issues is fully embedded in the investment manager selection and portfolio management process, with oversight undertaken on a periodic basis. The Trustee expects the Fiduciary Manager to assess the alignment of each investment manager's approach to sustainable investment (including engagement) with its own before making an investment on the Fund's behalf. The Trustee expects the Fiduciary Manager to engage with the Fund's investment managers where the Fiduciary Manager considers this appropriate regarding their approach to stewardship with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings. In addition, the Trustee expects the Fiduciary Manager to review the investment managers' approach to sustainable investment (including engagement)

on a periodic basis and engage with the investment managers to encourage further alignment as appropriate.

28. The Fiduciary Manager considers a range of sustainable investment factors, such as, but not limited to, those arising from ESG considerations, including climate change, diversity, equity and inclusion, in the context of a broader risk management framework. The degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and particular exposures which the Fiduciary Manager considers in the assessment.
29. The Trustee recognises that members and beneficiaries may have views on ethical investment or views on matters such as the social and environmental impact of the Fund's investments (referred to as 'non-financial matters'). In conjunction with there being practical challenges of capturing and maintaining a consensus view on multiple issues across a varied membership population, it is the Trustee's view that financial factors should take precedence in seeking to maximise the security of member benefits. As such, it is the Trustee's policy not to consider the non-financial matters when taking investment decisions related to the Defined Benefit assets of the Fund.

Other matters

30. The Fund is a Registered Pension Scheme for the purposes of the Finance Act 2004.

Risks

31. The Trustee recognises a number of risks involved in the investment of the Fund's assets, and, where applicable, monitors these risks in conjunction with the Fiduciary Manager.
 - Deficit risk:
 - is measured through a qualitative and quantitative assessment of the expected development of the liabilities relative to the current and alternative investment policies.
 - is managed through assessing the progress of the actual growth of the liabilities relative to the selected investment policy.
 - Manager risk:
 - is measured by the expected deviation of the return relative to the benchmark set or its target absolute performance.
 - is managed by consideration of when to employ active versus passive management given prospective net of fees returns, consideration of the appropriate amount of the Fund's assets to allocate to any active portfolios and by monitoring the actual deviation of returns relative to the benchmark.
 - Liquidity risk:
 - is measured by the level of cashflow required by the Fund over a specified period.
 - is managed by the Fund's administrators assessing the level of cash held in order to limit the impact of the cash flow requirements on the investment policy and through holding assets of appropriate liquidity.

■ Currency risk:

- is measured by the level of exposure to non-Sterling denominated assets.
- is managed by the implementation of a currency hedging programme which reduces the impact of exchange rate movements on the Fund's asset value.

■ Interest rate and inflation risk:

- is measured by comparing the likely movement in the Fund's liabilities and assets due to movements in inflation and interest rates.
- is managed by holding a portfolio of matching assets (physical bonds and/or derivatives) that enable the Fund's assets to better-match movements in the value of the liabilities due to inflation and interest rates.

■ Political risk:

- is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention.
- is managed by regular reviews of the actual investments relative to policy and through the level of diversification within the existing policy.

■ Sponsor risk:

- is measured by receiving periodic financial updates from the Employer and independent covenant assessments.
- is managed through an agreed contribution and funding schedule.

Signed:

Name:

Date:

Authorised for and on behalf of the Trustee of the Fund

Appendix

The objectives and constraints set out below are taken from the investment guidelines, as appended to the FMA with the Fiduciary Manager and are expressed in terms of non-insured assets only (i.e., excluding the 'buy-ins').

Investment objective

The overall objective is to manage the Fund to its Journey Plan at an appropriate level of risk. Initially the Fund (excluding any Buy-in assets) is set based on an Expected Return of Liability Proxy Return +1.85% per annum (Equivalent to Gilts + 2.1% per annum).

Asset allocation constraints

Categories	Minimum % of total assets	Maximum % of total assets
Equities	5	25
Credit	0	35
Real assets including secure income	0	20
Hedge funds	0	15
Diversifying strategies	0	15
Downside protection strategies	0	15
Other*	0	10
High quality government bonds, cash and cash equivalents	25	75

*'Other' will apply to new return-seeking asset types which may be added to the portfolio at the Manager's discretion.

Liability hedging

The liability hedge ratio (expressed as a percentage of assets) will be maintained between 78% and 115%.