Statement of Investment Principles

This is the Statement of Investment Principles made by the Stanlow Pension Trustee Company Limited (the "Trustee") of the Essar Oil (UK) Pension Scheme (the "Scheme") in accordance with the Pensions Act 1995 (as amended). It is subject to periodic reviews by the Trustee at least every three years and without delay following any significant change in investment policy.

In preparing this Statement, the Trustee has consulted with the principal employer to the Scheme (Essar Oil (UK) Limited) and has taken and considered written advice from the Investment Practice of Hymans Robertson LLP.

The Trustee is supportive of the UK Stewardship Code which seeks to improve the quality of engagement between institutional investors and investee companies. Where appropriate, the Trustee expects investment managers to comply with the code and to produce a statement of their commitment to the code.

Scheme Objectives

The primary objective of the Scheme is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, on a defined benefits basis.

The Trustee's over-riding funding principles for the Scheme are as follows – to set the employer contribution at a level which is sufficient:

- To build up assets to provide for new benefits of active members as they are earned;
- To recover any shortfall in assets relative to the value placed on accrued liabilities over the longer term; and
- To ensure that there are always sufficient assets of the Scheme (at their realisable value) to meet 100% of benefits as they fall due for payments to members.

For employee members, benefits are based on service completed but take account of future salary increases. The value of liabilities is calculated on the basis agreed by the Trustee and the Scheme Actuary. The Trustee also consider the Scheme's funding position on a more stringent minimum risk basis. These funding positions are monitored regularly by the Trustee and formally reviewed at each triennial actuarial valuation, or more frequently as required by the Pensions Act 2004.

Investment Strategy

The Trustee has translated its objectives into a suitable strategic asset allocation benchmark for the Scheme. The strategic benchmark is reflected in the choice of funds in which the Scheme invests. The Scheme benchmark is consistent with the Trustee's view on the appropriate balance between seeking an enhanced long-term return on investments and accepting greater short-term volatility and risk.

The investment strategy takes due account of the maturity profile of the Scheme (in terms of the relative proportions of liabilities in respect of pensioners and non-pensioners), together with the level of disclosed surplus or deficit (relative to the funding bases used) and the Trustee's assessment of the covenant of the sponsoring employer.

The Trustee monitors fund performance relative to the agreed asset allocation benchmark. It is intended that investment strategy will be reviewed at least every three years in conjunction with actuarial valuations of the Scheme and will normally be reviewed annually. In reviewing strategy, the Trustee will seek written advice as required.

All day to day investment decisions have been delegated to authorised managers.

Choosing Investments

The Trustee has appointed BlackRock Investment Management (UK) Limited ("BlackRock"), Hermes Investment Management Limited ("Hermes"), Intermediate Capital Group plc ("ICG"), Legal & General Investment Management ("L&G") and Partners Group (UK) Limited ("Partners Group") to undertake investment business. These managers are authorised under the Financial Services and Markets Act 2000.

The Trustee, after seeking appropriate investment advice, have given the managers specific directions as to the asset allocation but investment choice has been delegated to the managers subject to their respective benchmarks and asset guidelines. The Trustee ensures that all manager engagements have clearly defined benchmarks, objectives and management parameters, which overall will align to deliver the broader Scheme investment strategy.

The Trustee invest in pooled funds where the objectives of the fund and the policies of the investment manager will be evaluated by the Trustee to ensure that they are appropriate for the needs of the Scheme. The investment is affected through a direct agreement with the managers, and the managers have full discretion over the choice of individual stocks and are expected to maintain diversified portfolios.

Remuneration for each mandate is determined at the inception of each mandate based on commercial considerations and typically set as a percentage of the assets under management. Where appropriate to the nature of the mandate, the term of the mandate and the role the mandate plays within the investment strategy, the Trustee may agree to a fee structure where the manager is incentivised to deliver outperformance relative to an agreed benchmark, typically in conjunction with a lower ad valorem fee. The Trustee periodically reviews the fees paid to all of its managers against industry standards.

The Trustee reviews the nature of Scheme investments on a regular basis and is satisfied that the pooled funds selected are consistent with the objectives of the Scheme, particularly in relation to diversification, risk, expected return and liquidity. The Trustee seeks and considers written advice from a suitably qualified person when determining the appropriateness of each manager and mandate for the Scheme. If, at any time, investment in a security or product not previously known to the Trustee is proposed, appropriate advice is sought and considered to ensure its suitability.

The Trustee recognises the long term nature of its liability profile and appoints its managers to invest in such a way that generates long term sustainable returns. The Trustee will carry out necessary due diligence on the underlying investment decision making process, to ensure the manager makes investment decisions over an appropriate time horizon aligned with the Scheme objective.

The duration of each mandate is determined by the Trustees at the inception of each mandate. For open-ended investments, the Trustee generally engages managers on an ongoing basis with no pre-determined term of appointment. For such mandates, the Trustee expects the minimum duration of the appointment will be three years, this being the period over which performance of the mandate can be appropriately evaluated although all mandates are subject to ongoing review against various financial and non-financial metrics in addition to their continued appropriateness within the investment strategy. For close-ended investments, the Trustees expect the term of the appointment to be the lifetime of the investment.

The Trustee undertakes a periodic service provider review in which the ongoing appropriateness of the Scheme's manager arrangements are considered. The Trustee reviews the performance of each of its managers and mandates on a regular basis against a series of metrics, including financial performance against the benchmark and objectives of the mandate, the exercise of stewardship responsibilities (including engagement with issuers) as set out in greater detail below, and the management of risks. Material deviation from performance or risk targets is likely to result in the mandate being formally reviewed.

The Trustee monitors its managers performance against their respective benchmarks (or targets) on a quarterly basis over a long-term time horizon of three years. The Trustee will measure a fund's relative tracking error where appropriate. Managers are expected to provide explanation for any significant deviations away from benchmark (or target). A summary of the Scheme's investment mandates is included in the appendix.

Kinds of investments to be held

The Scheme may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property and commodities, either directly or through pooled funds.

The Scheme may also make use of derivatives and contracts for difference (either directly or in pooled funds investing in these products) for efficient portfolio management or to hedge specific risks. The Trustee considers all these classes of investment to be suitable in the circumstances of the Scheme.

Balance between different kind of investments

The Scheme's managers will hold a mix of investments which reflect their views relative to their respective benchmarks or return targets. Passive managers have little discretion as they seek to match the composition of the benchmark index. Within each major market each manager will maintain a diversified portfolio of stocks through direct investment or pooled vehicles.

Risk

The Scheme is exposed to several risks which pose a threat to meeting its objectives. The principal risks affecting the Scheme are:

Funding risks

- Financial mismatch –
    - 1. The risk that the Scheme assets fail to grow in line with the developing cost of meeting Scheme liabilities.
    - 2. The risk that unexpected inflation increases the pension and benefit payments and Scheme assets do not grow fast enough to meet the increased cost.
- Changing demographics – The risk that longevity improves, and other demographic factors change increasing the cost of Scheme benefits.
- Systematic risk – The possibility of an interlinked and simultaneous failure of several asset classes and/or their investment manager, possible compounded by financial 'contagion', resulting in an increase in the cost of meeting Scheme liabilities. Climate change is a particular systemic risk that has the potential to cause economic, financial and demographic impacts.

The Trustee measures and manages financial mismatch in two ways. As indicated above, they have set a strategic asset allocation benchmark for the Scheme. The Trustee assesses risk relative to that benchmark by monitoring the Scheme's asset allocation and investment returns relative to the benchmark. They also assess risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Trustee keeps under review mortality and other demographic assumptions which could influence the cost of the benefits. These assumptions are considered formally at the triennial valuation.

The Trustee seeks to mitigate systematic risk through a diversified portfolio, but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

Asset risks

- Concentration – The risk that significant allocation to any single asset category, and its underperformance relative to expectation, would result in difficulties in achieving funding objectives.
- Illiquidity – The risk that the Scheme cannot meet its immediate liabilities because it has insufficient liquid assets.
- Currency risk – The risk that the currency of the Scheme's assets underperforms relative to Sterling (i.e. the currency of the liabilities).
- Manager underperformance – The failure by the managers to achieve the rate of investment return assumed in setting their mandates.
- Environmental, Social and Governance (ESG) risks – the extent to which ESG issues are not reflected in asset prices and/or not considered in investment decision making leading to underperformance relative to expectations.
- Climate risk – The extent to which climate change causes a material deterioration in asset values as a consequence of factors including but not limited to policy change, physical impacts and the expected transition to a low-carbon economy.

The Trustee manages asset risks as follows:

The Trustee provides a practical constraint on Scheme investments deviating greatly from the intended approach by investing in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, constrain risk within their expected parameters.

By investing across a range of assets, including quoted equities, bonds (and possibly in the future bulk annuity policies), the Trustee recognises the need to access funds in the short term to pay benefits. The risk of manager underperformance is mitigated by the inclusion of passive investment mandates within the investment portfolio.

In appointing several investment managers, the Trustee has considered the risk of underperformance by any single investment manager.

The Trustee does not expect managers to take excess short term risk and will regularly monitor the manager's performance against the benchmarks and objectives set on a short, medium and long terms basis.

Other provider risks

- Transition risk – The risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the Trustee takes professional advice and consider the appointment of specialist transition managers.
- Custody risk – The risk of losing economic rights to Scheme assets when held in custody or when being traded.
- Credit default – The possibility of default of a counterparty in meeting its obligations.

The Trustee monitors and manages risks in these areas through a process of regular scrutiny of its providers, and audit of the operations it conducts for the Scheme or has delegated such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). When carrying out significant transitions, the Trustee seeks professional advice.

Expected return on investments

Over the long term, the overall level of investment returns is expected to exceed the rate of return assumed by the Actuary in funding the Scheme.

Realisation of investments

Most of the Scheme's investments may be realised quickly if required. While some of the Scheme's investments are in property and private credit assets, which may be difficult to realise quickly in certain circumstances.

Portfolio turnover

The Trustee has expectations of the level of turnover within each mandate which is determined at the inception of the mandate, based on the Trustee's knowledge of the manager, investment process and the nature of the portfolio. Whilst the Trustee expects performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustee expects managers to report on at least an annual basis on the underlying assets held within the portfolio and details of any transactions over the period. The Trustee will challenge its managers if there is a sudden change in portfolio turnover or if the level of turnover seems excessive.

The Trustee will request turnover costs incurred by the asset manager over the Scheme reporting year.

Consideration of financially material factors in investment arrangements

The Trustee recognises that the consideration of financially material factors, including ESG factors, is relevant at different stages of the investment process.

Strategic considerations

The strategic benchmark has been determined using appropriate long-term economic and financial assumptions from which expected risk/return profiles for different asset classes have been derived. These assumptions apply at a broad market level and are considered to implicitly reflect all financially material factors.

The Trustee recognises that the long-term nature of the Scheme means that investments should be made with the expectation of long-term sustainable returns.

The Trustee acknowledges the relevance of climate change and the potential risk it can have on certain investments in the future.

Structural considerations

Given the discretion afforded to the active Investment Managers, the Trustee expects that their Investment Managers will take account of all financially material factors including the potential impact of ESG factors in the implementation of their mandate.

Selecting investment managers

Within active mandates, the Trustee has delegated responsibility for the consideration of stock specific ESG issues to their individual investment managers. The Trustee has discussed the extent to which ESG issues, where relevant to the investment mandate, are integrated into the investment processes of their investment managers. The Trustee is satisfied that the investment managers are following an approach which takes account of all financially material factors.

In passive mandates, the Trustee recognises that the choice of benchmark dictates the assets held by the investment manager and that the manager has minimal freedom to take account of factors that may be deemed to be financially material. The Trustee accepts that the role of the passive manager is to deliver returns in line with the benchmark and believe this approach will deliver appropriate risk adjusted returns. The Trustee will review the

index benchmarks employed for the Scheme on at least a triennial basis. In selecting new investment managers, where relevant to the investment mandate, the Trustee explicitly consider potential managers' approach to responsible investment and the extent to which managers integrate ESG issues in the investment process as a factor in their decision making.

The Trustee has shared their ESG policies with the investment managers and review their compliance with them every year. The Trustee meets with the Scheme's investment managers regularly, and the managers are expected to address manager performance and company engagement. Managers will be challenged on their approach where this is not aligned to the Trustee's policies.

The Trustee expects its investment consultants to provide input and analysis to assist the Trustee in assessing their managers' performance. Where necessary, the Trustee will highlight any areas of concern identified during such reviews to the manager as part of its engagement process and request that the manager takes appropriate action. This may include concerns over performance, risk management, stewardship practices, investment process and operational issues and, where such concerns are raised, the Trustee will require the manager to demonstrate levels of improvement. Failure to achieve the desired improvements will result in the mandate being reduced or terminated.

Consideration of non-financially material factors in investment arrangements

Given the objectives of the Scheme, the Trustee has not considered any non-financially material factors in the development and implementation of their investment strategy.

The Trustee has not imposed any restrictions or exclusions to the investment arrangements based on non-financially material factors.

Stewardship

The Trustee recognises that stewardship encompasses the exercise of voting rights, engagement by and with investment managers and the monitoring of compliance with agreed policies.

Voting and engagement

The Trustee has adopted a policy of delegating voting decisions on stocks to their investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. The investment managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy.

Where appropriate, the Trustee will engage with and may seek further information from their Investment Managers on how portfolios may be affected by a particular issue.

The Trustee does not engage directly but believes it is appropriate for its investment managers to engage with key stakeholders which may including corporate management, regulators and governance bodies, relating to their investments in order to consider the management of conflicts of interest and improve corporate behaviours, improve performance and mitigate financial risks. Where necessary, investment managers are expected to notify the Trustee of any issue on which it may be beneficial for the Trustee to undertake further engagement. The Trustee will review engagement activity undertaken by their investment managers as part of its broader monitoring activity.

Where relevant, the Trustee has reviewed the voting policies of their Investment Managers and determined that these policies are appropriate. The investment managers should use engagement with company management for positive influence as opposed to divestment from companies unaligned with the Scheme's objectives.

Responsibility for investment decisions has been delegated to the investment managers which includes consideration of the capital structure of investments and the appropriateness of any investment made. Where managers are responsible for investing in new issuance, the Trustee expects the manager to engage with the issuer about the terms on which capital is issued and the potential impact on the rights of new and existing investors.

The Trustee separately considers any conflicts of interest arising in the management of the Scheme and its investments and has ensured that each manager has an appropriate conflicts of interest policy in place.

Monitoring

The Trustee aims to meet with all their Investment Managers on a periodic basis. The Trustee discuss issues with their managers, including issues relating to individual holdings and, where appropriate, ESG issues. Managers are challenged both directly by the Trustee and by their investment advisers on the impact of any significant issues including, where appropriate, ESG issues that may affect the prospects for return from the portfolio. The Trustee will regularly review engagement activity including voting undertaken by their investment managers.

Additional Voluntary Contributions (AVCs)

The Trustee gives members the opportunity to invest in a range of vehicles at the members' discretion.

This Statement of Investment Principles was adopted by the Trustee of the Essar Oil (UK) Pension Scheme on 23 March 2022.

Appendix 1 – Current investment structure

The current investment structure adopted by the Trustee is set out in the following table:

Manager	Asset Class	Target Allocation	Benchmark/Target
L&G	Global Equities	10.0%	FTSE Dev Net Tax
BlackRock	Diversified Growth	12.5%	3 Month LIBOR + 3% p.a.
Hermes	Property	10.0%	MSCI AREF IPD UK Other Balanced
Partners Group	Direct Lending	5.0%	N/A
ICG	Multi-Asset Credit	10.0%	Custom index of loans and bonds*
L&G	Corporate Bonds	30.0%	iBoxx Non Gilts
L&G	Liability Driven Investment	22.5%	Liability benchmark

*Custom index refers to a combined loan and bond index, made up of 35% US Loans (CS Leveraged Loan Institutional Index), 35% US HY (ICE BAML HCNF), 15% European Loans (CS Western European Institutional Leveraged Loan Index) and 15% European HY (ICE BAML HPID).