Svitzer Defined Benefit Pension Scheme

Statement of Investment Principles

June 2021

Contents

Introduction

Purpose

This Statement describes the investment policy of the Trustee of the Scheme and is issued by the Trustee to comply with the Act and the Regulations. It supersedes the previous Statement agreed by the Trustee in September 2020 and reflects the current investment strategy.

This Statement covers the Trustee's Investment Principles in relation to the Scheme and AVCs.

Scheme details

The exclusive purpose of the Scheme is to provide retirement benefits and death benefits to eligible participants and beneficiaries. It qualifies as a registered pension scheme, registered under Chapter 2 of Part 4 of the Finance Act 2004.

Advice and consultation

Before preparing this Statement, the Trustee has sought advice from the Scheme's investment consultant, XPS Investment.

Investment powers

The Scheme's Trust Deed and Rules sets out the investment powers of the Trustee. This Statement is consistent with those powers. Neither this Statement nor the Trust Deed and Rules restrict the Trustee's investment powers by requiring the consent of the Principal Employer.

In accordance with the Financial Services and Markets Act 2000, the Trustee sets general investment policy but delegates responsibility for the selection of the specific securities and any financial instruments supporting the policy held by the Scheme to the Insurance Providers.

Review of the Statement

The Trustee will review this Statement and their investment policy at least every three years or immediately following any significant changes in investment policy. The Trustee will also review this Statement in response to any material changes to any aspect of the Scheme, its liabilities, finances and attitude to risk of either the Trustee or Principal Employer which they judge to have a bearing on the stated investment policy.

Definitions

Capitalised terms in this document mean the following:

Act - The Pensions Act 1995 (as amended by subsequent legislation)

AVCs - Additional Voluntary Contributions

Insurance Providers
- Legal & General Assurance Society Limited ("LGAS")
- JRP Group

Scheme – Svitzer Defined Benefit Pension Scheme

Principal Employer – Svitzer Marine Limited

Regulations - The Occupational Pension Plans (Investment) Regulations 2005

Statement - This document, including any appendices, which is the Trustee's Statement of Investment Principles

Trustee – Svitzer Eastlands Pension Trustees Limited

Division of responsibilities

The Trustee is accountable for all aspects of the Scheme's investments, however, as permitted within the Trust Deed and Rules, the Trustee has delegated some of the decision-making powers and other responsibilities as set out below.

Trustee

The Trustee has retained the following responsibilities and powers for themselves:

> The content and the reviewing of this Statement.

> Reviewing the investment policy.

> Selecting the Insurance Providers.

> Assessing the investment process of the Insurance Providers.

> Consulting with the Scheme Sponsor when reviewing investment policy issues.

> Monitoring compliance of the investment arrangements with this Statement on an ongoing basis.

In addition, the Trustee of the Scheme will make decisions relating to the Scheme's investments, including issues such as:

> The kinds of investments to be held.

> The balance between different kinds of investments.

> The level of risk to which the Scheme is exposed to.

> The Insurance Providers' arrangements

Investment Consultant

The Investment Consultant's responsibilities include:

> Participating with the Trustee in regular reviews of this Statement, and in the review of investment related issues as described in this Statement.

> Undertaking project work as required. Advising the Trustee how any changes in the Scheme's benefits, membership and funding position may affect the way in which the Scheme's assets should be invested.

Insurance Providers

The Insurance Providers' responsibilities include:

> Investing in assets suitable for pension schemes in accordance with the mandate they have been given by the Trustee.

> Updating the Trustee and their advisors with all the necessary reporting and ongoing information.

> Exercising any rights attached to the shareholdings of the Scheme so as to protect and enhance the long-term value of a stock holding for the Scheme.

> Reporting in person at a meeting of the Trustee as requested.

Custodian

Each Custodian's responsibilities include some or all of the following:

> The safekeeping of all of the assets of the Scheme.

> Providing the Insurance Providers with statements as required of the assets, cashflows and schedules of transactions.

> Undertaking all appropriate administration relating to the Scheme's assets.

> Processing any income payments and tax reclaims in a timely manner.

> Dealing with corporate actions.

The Custodian is appointed and monitored by the Insurance Providers.

Strategic investment policy and objectives

Choosing investments

The Trustee has selected buy-in policies through which benefits due under the Scheme are secured. The selection of the buy-in policies was made having taken written investment advice. The advice covered the suitability of the insurance policy, whether there was any need for diversification given Scheme circumstances and the principles within this Statement.

The Trustee also retains control over the AVCs offered to members.

The Trustee's policy is to regularly review the investments over which they retain control and to obtain written advice about them when necessary. When deciding whether or not to make any new investments the Trustee will obtain written advice and consider the extent to which future decisions about those investments should be delegated. The written advice will consider suitability of the investments, the need for diversification and the principles within this Statement. The adviser will have the knowledge and experience required under Section 36(6) of the Act.

Long-term objectives

The Trustee's long-term objectives are:

> To secure the liabilities of the Scheme in full with an insurance company.

> To minimise the expected deviation between:

- The expected cost to secure members' benefits with an insurance company; and,
- The value of assets at any given time.

> To adhere to the provisions contained within the Scheme's Statement of Funding Principles.

Expected returns

By securing benefits through the buy-in policies the Trustee expects that the change in value of the insurance policy will match the change in value of the benefits due under the Scheme.

Investment Policy

Following advice from the Investment Consultant, the Trustee has set the investment policy with the objective of buying-out the Scheme's liabilities with the Insurance Providers. The Trustee intends to achieve these objectives through investing in a buy-in policy with the view to securing a buy-out of the liabilities as soon as practicable. The portfolio is expected to very closely match the pricing of the Scheme's liabilities on a buy-out basis.

Range of assets

The Scheme's only assets are buy-in policies. The Trustee has no direct influence on the range of assets which support the payments due under the policy. The Insurance Providers will invest in an appropriate range of assets in line with the risk profile of their annuity business and the regulatory and capital regime they are required to comply with. Although there is a concentration of assets in the buy-in arrangements, the Trustee deems this concentration appropriate as it closely matches the objective of the Scheme.

The Trustee considers the arrangements with the Insurance Providers to be aligned with the Scheme's overall strategic objectives.

The Insurance Providers are incentivised to perform in line with expectations for their specific mandate to enable the Insurance Providers to meet all of the benefits insured and comply with regulatory and capital requirements.

As the assets of the Scheme are invested in buy-in policies, with a view to securing a buy-out as soon as practicable, the Trustee has delegated to the Insurance Providers the responsibility to make decisions in the long-term interests of the Scheme. The Insurance Providers will engage with management of the underlying issuers of debt or equity and the exercising of any voting rights attached to the assets it holds to support the buy-in policies. As covered in more detail in Section 4, the Trustee has also delegated to the Insurance Providers the responsibility for taking the impact of ESG factors and climate change risks into consideration within their decision-making.

Responsible investment

The Trustee believes that environmental, social and governance ("ESG") factors including climate change may have a material impact on investment risk and return outcomes in investment, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee has considered the extent to which ESG factors should be taken into account in the selection, retention and realisation of investments for the Scheme.

The Trustee has delegated to the Insurance Providers the responsibility for assessing and managing any impact of ESG risks including those related to climate change when making investment decisions in relation to the assets it holds to support the buy-in policies and exercising any voting rights in relation to such assets.

As the Scheme invests with Insurance Providers in buy-in policies, the Trustee acknowledges that they cannot directly influence the policies and practices of the companies in which the Insurance Providers invests. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the assets underlying the buy-in policies to the Insurance Providers, noting that a small proportion of the underlying assets is likely to have voting rights. The Insurance Providers are responsible for engaging with investee companies and voting whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustee may request the Insurance Providers to report on significant votes (if any) made on behalf of the Trustee.

When considering the selection, retention or realisation of investments, the Trustee has a fiduciary responsibility to act in the best interests of the beneficiaries of the Scheme, although they have neither sought, nor taken into account, the beneficiaries' views on matters including (but not limited to) ethical issues and social and environmental impact.

Risk measurement and management

The Trustee recognises a number of risks involved in the investment of the assets of the Scheme. The Trustee measures and manages these risks as follows

Solvency risk and mismatching risk - The risk that the assets do not move in line with the underlying buy-out pricing is addressed through securing an insurance policy with an insurance provider. Solvency risk is mitigated through the regulatory regime the Insurance Providers have to comply with. A mismatch of assets to liabilities due to incomplete member records is being addressed through a data cleanse exercise. Any shortfall in assets identified through this process will be addressed through the payment of additional assets to the Insurance Providers.

Strategy risk - The risk that the Scheme assets will not move in line with movements in buy-out pricing. This is addressed by securing the Scheme's assets with the Insurance Providers to protect the benefits of the members.

Liquidity risk – The risk that assets cannot be sold quickly enough to enable benefits to be paid or that the Trustee cannot exit a particular investment is addressed through providing the Insurance Providers with Scheme cashflows and by the liquidity of the underlying assets used to support the insurance policy (e.g. investments in gilts and liquid debt assets).

Inappropriate investments - The risk that an Investment Manager invests in assets or instruments that are not considered to be appropriate by the Trustee is essentially removed through the transfer of the Scheme's assets to an insurance provider.

Counterparty risk – the risk that the Insurance Providers fail between the buy-in and buy-out period is addressed by having a strong corporate entity backing the Insurance Providers and the solvency and regulatory regime under which the Insurance Providers operate. The risk is further reduced given the Trustee aims to secure a buy-out of Scheme liabilities as soon as practicable.

Political risk – The risk of an adverse influence on investment values from political intervention is essentially removed by securing member annuities with the Insurance Providers.

Custodian risk – The risk that the custodian fails to provide the services expected is addressed through the agreement with the third party custodian and ongoing monitoring of the custodial arrangements. The Insurance Providers are responsible for all custodian arrangements.

Manager risk – The risk that an investment manager fails to meet their stated objective is essentially removed through the purchase of the insurance policy.

Fraud/Dishonesty - The risk that the Scheme assets are reduced by illegal actions is addressed through restrictions applied as to who can authorise transfer of cash and the account to which transfers can be made.

Realisation of assets and investment restrictions

Realisation of investments

The Scheme has secured buy-in insurance policies with the Insurance Providers which provide payments meeting the benefits due under the Scheme.

The Trustee will hold cash to the extent it considers necessary to meet impending anticipated liability outflows. A bank account is used to facilitate the holding of cash awaiting investment or payment.

Investment Restrictions

The Trustee recognises that legislation places restrictions on the types of investments that the Scheme can hold:

- Whilst the Trustee recognises that borrowing on a temporary basis is permitted, this option will only be utilised where it is deemed absolutely necessary or where the Trustee has received advice from the Investment Consultant that the Scheme's overall exposure to risk can be reduced through temporary borrowing, e.g. during an asset transfer.
- Investment in derivative instruments may be made only insofar as they contribute to the reduction in risk or facilitate efficient portfolio management.

The Insurance Providers may impose internal restrictions that are consistent with their house style and/or the regulatory regime under which they operate.

Investment Manager Arrangements and fee structure

In accordance with the Act, the Trustee, has purchased insurance policies with the Insurance Providers, with the intention of buying-out the Scheme's liabilities. The annuity policy is intended to be in place in the long term to meet all of the benefits payable to members.

The Insurance Providers are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

(De) selection criteria

The criteria by which the Trustee will select (or deselect) the Insurance Providers or a replacement include some or all of the following:

> Solvency Capital ratio

> Role suitability - e.g., level of fees, reputation of the Insurance Providers, familiarity with the product

> Service - e.g., reporting, administration

> Personnel - e.g., the individuals working for the Scheme

The Insurance Providers may be replaced, for example (but not exclusively), for one or more of the following:

> Failure to provide the cashflows necessary to meet benefit payments as they fall due.

> Failure to meet solvency ratio requirements required by legislation.

Insurance providers' fee structure

The Insurance Providers' fees are met through a combination of some or all of the following:

> A margin added to the cost of securing the benefits which reflects the charges paid to the Insurance Providers.

> Any excess of assets over Scheme benefits paid out, throughout the life of the policy.

Portfolio turnover

Given that the Trustee has secured buy-in policies, the portfolio turnover on the underlying assets and costs is a matter for the Insurance Providers.

Additional Voluntary Contribution arrangements

Provision of AVCs

The Trustee has made AVC investment options available to members of the Scheme through the following providers:

Royal London, Utmost, Aviva, Reassure and Clerical Medical

The Trustee is aware that members' AVC funds are subject to the same risks faced by the Scheme's investments, such as inflation risk eroding real returns. In addition, AVC members face the risk that their investments will not meet their future expectations (for example, if they are planning to purchase an annuity at retirement), lack of transparency on how their fund is managed and also that their AVC fund may fall in value.

The Trustee considers that, in making a number of funds available, they provide these members with sufficient options to meet their reasonable expectations and to mitigate the risks faced.

Signed on behalf of the Trustee

DocuSigned by:

Signature: ....
0B2700BCD529480...

Stephen Jellis

Name: ....

11/1/2021

Date: ....