



# Celotex Limited Pension and Assurance Scheme

## Statement of Investment Principles

*July 2025*

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# 1. Introduction

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 for the Celotex Limited Pension and Assurance Scheme ('the Scheme'). It describes the investment policy being pursued by the Trustees of the Scheme and is in accordance with the Government's voluntary code of conduct for Institutional Investment in the UK ("the Myners Principles"). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005, and is available to members on request.

The Scheme Actuary is Mark Poyner of XPS Pensions Limited and the Investment Adviser is XPS Investment Limited (collectively termed 'the Advisers').

The Trustees confirm that, before preparing this SIP, they have consulted with Saint-Gobain Construction Products UK Limited ('the Employer') and the Advisers and have obtained and considered written advice. The Trustees believe the Advisers to be qualified by their ability and practical experience of financial matters and to have appropriate knowledge of the investment arrangements that the Scheme requires.

The Trustees are responsible for the investment of the Scheme's assets and the administration of the Scheme.

Given the size of the Scheme, the Trustees have decided the most cost effective way of investing the Scheme assets is to invest in pooled funds managed by an organisation. Decisions about which pooled funds to invest in are made after receiving investment advice from an FCA regulated firm. The Scheme currently invests in funds managed by Legal & General Assurance (Pensions Management) Limited and Insight Investment Management Limited ("the Investment Managers"), but funds managed by other managers may in the future become more suitable to implement the strategy detailed in this SIP.

This SIP reflects the current strategy and the Appendices detail the current investments which are intended to implement the strategy. However the Trustees keep their investment strategy under regular review to reflect, amongst other things, changes in the funding position, changes in the strength of the employer covenant, the timing of the liabilities and new investments that may become available. The SIP will be updated to reflect any changes in strategy as soon after implementation as is practical.

## 1.1 Declaration

The Trustees confirm that this Statement of Investment Principles reflects the Investment Strategy they have decided to implement. The Trustees acknowledge that it is their responsibility, with guidance from the Advisers, to ensure the assets of the Scheme are invested in accordance with these Principles.



14/07/2025

**Signed** ..... **Date** .....

**Liz Jewkes**

**Name** .....

**For and on behalf of the Trustees of the Scheme**

## 2. Scheme Governance

The Trustees are responsible for the governance and investment of the Scheme's assets, with their investment powers set out in the Scheme's latest Definitive Trust Deed and Rules. The Trustees consider that the governance structure set out in this SIP is appropriate for the Scheme as it allows the Trustees to make the important decisions on investment policy. Day to day decisions are taken by the managers of the pooled funds and decisions about changes to the pooled funds are taken after considering written advice from the Investment Advisers. The responsibilities of each of the parties involved in the Scheme's governance are detailed in Appendix A.

## 3. Investment Objectives

The Trustees' main objectives are:

1. To seek to ensure the obligations to the beneficiaries of the Scheme can be met when due from the assets of the Scheme; and
2. To pay due regard to the Employer's requirements with regards to the size and incidence of its contribution payments.

The Trustees are looking to achieve a funding level of 100% on the Gilts + 0.0% funding basis through the adoption of a prudent funding and investment strategy.

The Trustees will consider the investment objectives and the investment strategy as part of discussing the actuarial valuation methodology and assumptions with the Scheme Actuary, taking into account the Employer covenant.

## 4. Asset Allocation Strategy

The Trustees have taken the view that the investment objective is best achieved by determining, and investing in accordance with, an appropriate split between "return-seeking" assets (e.g. equities and diversified growth funds) and "liability matching" assets (e.g. fixed and index-linked gilts, leveraged LDI funds and high quality corporate bonds). The Trustees recognise that the return on return-seeking assets, whilst expected to be greater over the long-term than that on liability matching assets, is likely to be more volatile. A mixture across asset classes should nevertheless provide the level of returns required by the Scheme to meet its liabilities at an acceptable level of risk (of underperforming the liabilities) for the Trustees, and an acceptable level of cost to the Employer.

The allocation between the asset classes making up the return-seeking and matching assets will vary over time to reflect, amongst other factors, the profile of the liabilities, the perceived relative value of the different asset classes and the perceived risk to the primary investment objective arising from any shortfall in the funding of the Scheme. The current benchmark and target allocation is set out in Appendix B and any changes in such allocations will only be made after receiving written advice from the Investment Advisers that such allocation remains consistent with the investment objectives.

Due to the size of the Scheme, the Trustees have decided to use pooled funds to invest the Scheme's assets. Changes to the pooled funds or the allocation between pooled funds will be made after obtaining written advice from the Investment Advisers. Appendix B will be promptly amended to reflect any such changes.

Based on the structure set out in Appendix B, the Trustees consider the arrangements with the Investment Managers to be aligned with the Scheme's overall strategic objectives. Details of each specific mandate are set out in agreements and pooled fund documentation with each Investment Manager. The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Managers' tactical asset allocation preferences at any time, within any scope given to them through guidelines set by the Trustees or governing the pooled funds in which the Scheme is invested.

The Trustees will ensure that the Scheme's assets are predominantly invested in regulated markets to maximise their security.

Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers as part of the Scheme's investment strategy – and hence the fees they receive – are dependent upon them doing so. They are therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustees' expectations, including the selection / deselection criteria set out in Section 6.

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Scheme. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights. This expectation is based on the belief that such engagement can be expected to help Investment Managers to mitigate risk and improve long term returns.

### 4.1 Rebalancing Policy

There is no automatic rebalancing within or between any of the pooled funds. The Trustees review the policy for investments or disinvestments for cashflow purposes periodically.

Reallocations between the funds will be effected where the Trustees, having considered advice from the Investment Advisers, consider it suitable to do so to.

## 4.2 Rates of Return

The benchmarks for the pooled funds are detailed in Appendix B. The allocation combined with the expected return of each fund is expected to be sufficient to meet the long term objective.

## 4.3 Diversification

The Trustees have sought to achieve diversification by investing in pooled funds which have investment restrictions. Generally speaking each asset class would expect to have different issuers and therefore add to the diversification of the Scheme. The diversified growth fund is also intended to provide additional diversification in that it invests across a range of asset classes which are expected to have uncorrelated returns. The Trustees will monitor the strategy regularly to ensure that they are comfortable with the level of diversification.

## 4.4 Suitability

The Trustees have taken advice from the Investment Advisers to ensure that the investments are suitable for the Scheme, given the investment objectives. This written advice will consider suitability of the investments and 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 Pensions Act 1995 (as amended by section 244 of the Pensions Act 2004). The Trustees have also obtained advice from the Advisers as to the appropriateness of the investment strategy given the funding position and the strength of the employer covenant.

The Trustees have chosen to hold some of the Scheme's assets in pooled funds invested in gilts and leveraged LDI funds (the 'off-risk' assets) to provide some degree of matching with the Scheme's liabilities. In particular, the Trustees have agreed that the 'off-risk' assets should target interest rate and inflation hedging levels of 100% of the total liabilities measured on the Gilts + 0.0% funding basis.

The aim of the return-seeking assets is to provide additional expected return above that achieved by the off-risk assets.

## 4.5 Liquidity

All of the non-cash assets are held in pooled funds with frequent dealing dates.

## 5. Strategy Implementation

The Trustees have decided to implement their investment strategy through investment in pooled funds which have been selected following advice from the Investment Adviser.

### 5.1 Mandate and Performance Objectives

The Trustees have received advice on the appropriateness and suitability of each pooled fund that the Scheme is invested in from the Advisers and believe them to be suitable to meet the Scheme's investment objectives. The benchmark for each fund currently held and its objectives are set out in Appendix B.

### 5.2 Manager Agreement

Since the Scheme is invested in pooled funds, there is no formal agreement between the Trustees and an individual fund manager relating to investments in each asset class.

### 5.3 Custody

Custody of the underlying assets is at the discretion of the pooled funds, whilst shares and/or units in the funds are held in book form only. Cash is held securely in separate accounts with approved counterparties.

### 5.4 Realisation of investments

In recognition of the desirability of retaining as high a degree of flexibility as possible to cater for unexpected changes in circumstances, the Trustees will monitor closely the extent to which any assets not readily realisable are held by the Investment Managers and will limit such assets to a level where they are not expected to prejudice the proper operation of the Scheme.

The Trustees have considered how easily investments can be realised for the types of assets in which the Scheme is currently invested. As such, the Trustees believe that the Scheme currently holds an acceptable level of readily realisable assets. The Trustees will also take into account how easily investments can be realised for any new investment classes it considers investing in, to ensure that this position is maintained in the future.

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

## 6. Monitoring

### 6.1 Pooled funds

The Trustees will monitor the performance of the funds against their stated performance objectives.

Appointments of Investment Managers are expected to be long-term, but the Trustees will review the appointment of the Investment Managers in accordance with their responsibilities. Such reviews will include analysis of each Investment Manager's performance and processes and an assessment of the diversification of the assets held by the Investment Manager. The review will include consideration of the continued appropriateness of the mandate given to the Investment Manager within the framework of the Trustees' investment policies.

The Trustees receive quarterly performance monitoring reports from the Investment Adviser which consider performance over the quarter, one and three year periods. In addition, any significant changes relating to the criteria below that the Investment Adviser is aware of will be highlighted, which may lead to a change in the Investment Adviser's rating for a particular mandate. These ratings help to determine an Investment Manager's ongoing role in implementing the investment strategy. If there are concerns, the Trustees may carry out a more in-depth review of a particular Investment Manager.

Fund manager remuneration is considered as part of the manager selection process. It is also monitored regularly with the help of the Investment Adviser to ensure it is in line with the Trustees' policies and with fee levels deemed by the Investment Adviser to be appropriate for the particular asset class and fund type.

If the Trustees are not satisfied with the performance of the funds they will ask the manager of those funds what steps they intend to take to rectify the situation. If the funds still do not meet the Trustees' requirements, they will look to purchase other funds - potentially with a different manager - after consultation with the Investment Adviser.

The criteria by which the Trustees will select (or deselect) the Investment Managers include:

- Parent - Ownership of the business;
- People - Leadership/team managing the strategy and client service;
- Product - Key features of the investment and the role it performs in a portfolio;
- Process - Philosophy and approach to selecting underlying investments including operational risk management and systems;
- Positioning - Current and historical asset allocation of the fund;
- Performance - Past performance and track record;
- Pricing - The underlying cost structure of the strategy;
- Environmental, Social and Governance ("ESG") - Consistency and extent to which ESG analysis is incorporated into the process of selecting underlying investments.

### 6.2 Advisers

The Trustees will monitor the advice given by the Advisers on a regular basis.

### 6.3 Other

The Trustees will review this Statement and their investment policy at least every three years in conjunction with each triennial valuation or immediately following any significant changes in investment policy.

The Trustees will also review this Statement without undue delay in response to any material changes to any aspect of the Scheme, its liabilities, finances and attitude to risk of either the Trustees or Principal Employer which it judges to have a bearing on the stated investment policy.

The Trustees will receive confirmation of the continued appropriateness of this Statement annually, or more frequently, if appropriate.

## 7. Fees

### 7.1 Funds

The Trustees will ensure that the fees charged by funds and their expense ratios are consistent with levels typically available in the industry for similar funds. The Investment Managers are remunerated by receiving a percentage of the Scheme's assets under management. The current fee basis for each of the pooled funds is set out in Appendix B. It is felt that this method of remuneration provides appropriate incentives for the Investment Managers to target the agreed level of outperformance whilst adhering to the level of risk specified by the Trustees.

The Trustees require the Investment Managers to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

Information about the Investment Managers' fees, commissions and other transaction costs is available in the annual report of the pooled funds in accordance with the Financial Conduct Authority ('FCA') Disclosure Code.

### 7.2 Advisers

Fees paid to the Advisers are based either on actual time spent and hourly rates for relevant individuals, or on fixed fees agreed in advance for specifically defined projects.

### 7.3 Custodian

There is no custodian appointed directly by the Trustees.

### 7.4 Trustees

None of the Trustees is paid directly for their duties. Their expenses are met and they are given time off from their other employment duties to attend the periodic Trustees' meetings.

## 8. Risks

The Trustees recognise a number of risks involved in the investment of assets of the Scheme:

- i. The risk of failing to meet the objectives as set out in Section 3 – the Trustees have agreed an investment strategy which they consider, after consulting with the Advisers, has a reasonable expectation of meeting the investment objectives.
- ii. The risk of adverse consequences arising through a mismatch between the Scheme's assets and its liabilities (for example, this can happen through both changes in long-term interest rates and changes in long-term inflation expectations). This is addressed through the asset allocation strategy, through regular actuarial and investment reviews, and the funding target.
- iii. Risk of lack of diversification of investments – addressed through investing in pooled funds with diversification requirements and through investing the growth assets in pooled funds which invest across a range of assets
- iv. Risk of holding assets that cannot be easily sold should the need arise – addressed through the use of pooled funds with frequent dealing dates.
- v. Underperformance risk – addressed through utilising a number of different managers and by monitoring closely the performance of each fund and taking necessary action when this is not satisfactory and by investing in passively managed funds except to the extent the Trustees reasonably consider active management can add value above the extra fees.
- vi. Organisational risk – addressed through regular monitoring of the Investment Managers and the Advisers.
- vii. Sponsor risk – the risk of the Employer ceasing to exist, which for reasons of prudence, the Trustees have taken into account when setting the asset allocation strategy.
- viii. Credit risk – addressed by investing in pooled funds with a diversified portfolio of different credits.
- ix. Custody risk – this is managed by the investment managers of the pooled funds.

The Trustees will keep these risks under regular review.

## 9. Other Issues

### 9.1 Statutory Funding Requirement

The Trustees will obtain and consider proper advice on the question of whether the investments are satisfactory having regard to both the investment objectives and the requirement to meet statutory funding requirements. The funding position is reviewed periodically by the Scheme Actuary, with a full actuarial valuation every three years.

The Trustees will consider with the Advisers whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding requirement.

### 9.2 Environmental, Social and Governance factors

The Trustees have considered their approach to ESG factors and believes there can be financially material risks relating to them. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Investment Managers. The Trustees require the Investment Managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees will seek advice from the Investment Adviser on the extent to which its views on ESG and climate change risks may be taken into account in any future investment manager selection exercises. Furthermore, the Trustees, with the assistance of the Investment Adviser, will monitor the processes and operational behaviour of the Investment Managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this Statement.

As the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. The Trustees have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Managers and encourages them to engage with investee companies and vote 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. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

If the Trustees become aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectation then the Trustees may consider terminating the relationship with that Investment Manager.

When considering the selection, retention or realisation of investments, the Trustees have 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. The Trustees will review this policy if any beneficiary views are raised in future.

## Appendix A

# Responsibilities

### Trustees

The Trustees of the Scheme are responsible for, amongst other things:

- i. Determining the investment objectives of the Scheme and reviewing these from time to time.
- ii. Agreeing an investment strategy designed to meet the investment objectives of the Scheme.
- iii. Reviewing triennially the content of this Statement and their investment policy or immediately following any significant changes in investment policy, or any material changes to any aspect of the Scheme, its liabilities, finances and attitude to risk of either the Trustees or Employer which it judges to have a bearing on the stated investment policy.
- iv. Reviewing the suitability of the investment policy following the results of each actuarial or investment review, in consultation with the Advisers.
- v. Assessing the quality of the performance and process of the pooled funds by means of regular reviews of the investment results and other information, by way of meetings and written reports, in consultation with the Advisers.
- vi. Selecting pooled funds which are consistent with the investment strategy after consultation with the Advisers.
- vii. Assessing the ongoing effectiveness of the Advisers.
- viii. Consulting with the Employer when reviewing the SIP.
- ix. Monitoring compliance of the investment arrangements with this SIP on an ongoing basis.
- x. Informing the Advisers of any changes to Scheme benefits, significant changes in membership.

### Investment Managers

- i. The Investment Managers will be responsible for, amongst other things, providing reports to the Trustees on performance and allocations.
- ii. Insight will ensure any margin calls on any LDI funds are met promptly and that surplus margin is reinvested.

### Investment Adviser

The Investment Adviser will be responsible for, amongst other things:

- i. Participating with the Trustees in reviews of this SIP.
- ii. Advising the Trustees how any changes within the Scheme's benefits, membership and funding position may affect the manner in which the assets should be invested.
- iii. Advising the Trustees of any changes in the funds that could affect the interests of the Scheme.
- iv. Undertaking reviews of the Scheme's investment arrangements including reviews of the asset allocation policy and current pooled funds, and advising on the selection of new funds if so requested.

## Scheme Actuary

The Scheme Actuary will be responsible for, amongst other things:

- i. Liaising with the Investment Adviser on the suitability of the Scheme's investment strategy.
- ii. Performing the triennial (or more frequently as required) valuations and advising on the appropriate contribution levels.
- iii. Commenting on the appropriateness of the investment strategy relative to the liabilities of the Scheme at the triennial valuations.
- iv. Advising the Trustees of any changes to contribution levels and funding level.

## Appendix B - Pooled funds

The Trustees have appointed two Investment Managers: Legal & General Assurance (Pensions Management) Limited ('LGIM') and Insight Investment Management Limited ('Insight') to manage the assets of the Scheme.

The current investment strategy is to invest 40% in on-risk assets and 60% in off-risk assets, with interest rate and inflation hedging levels of around 100% of total liabilities measured on the Gilts + 0.0% funding basis.

The mandates for the Investment Managers are as follows:

Funds	Benchmark (gross of fees)	Benchmark Allocation (%)
Insight fully funded gilt funds and partially funded gilt funds (index-linked and fixed)	Composite benchmark, based on matching liability movements	60
Insight Sterling Liquidity Fund	SONIA (previously 7 Day Sterling LIBID until 1 October 2020)	
LGIM Investment Grade Corporate Bond All Stocks Index Fund	Markit iBoxx £ Non-Gilts Index	20
LGIM Dynamic Diversified Fund	Bank of England Base Rate + 4.5% pa	20

The Scheme invests in partially funded gilt and index linked gilt funds to provide a hedge against the Scheme's interest rate and inflation sensitivities. These funds are leveraged in order to increase the degree of hedging provided per £ invested.

The leveraged nature of some of these funds means that there is an expectation that additional collateral may be required to be paid into these funds from time to time (and any excess collateral repaid to the Trustees). Where any additional collateral payments are required it is the Trustees' intention that these will be met through disinvestments from the Scheme's return seeking assets or cash.

The investment management fees paid to the Investment Managers are as follows:

Fund	Annual Management Charge (% pa)	Ongoing Charge Figure (% pa)
Insight fully funded gilt funds and partially funded gilt funds (index-linked and fixed)	Fully funded funds – 0.05% of exposure Partially funded funds – 0.06% of exposure	Fully funded funds – 0.05% of exposure Partially funded funds – 0.06% of exposure
Insight Sterling Liquidity Fund	0.05	0.20
LGIM Investment Grade Corporate Bond All Stocks Index Fund	0.15	0.15
LGIM Dynamic Diversified Fund	0.38	0.39

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