The BASF Ireland Limited Pension & Life Assurance Scheme

Trustees' Annual Report for the Scheme Year ended 31 December 2023

Prepared for	The Trustees of the BASF Ireland Limited Pension & Life Assurance Scheme
Prepared by	Aon
Pensions Authority Number	PB 7140

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Trustees and Advisors

Principal Employer	BASF Ireland Limited
Trustees	Joseph Lynch (retired with effect from 1 January 2024) Alison Wilkins (retired with effect from 18 April 2024) Mark Kelly (appointed with effect from 1 January 2024) James Blackman (appointed with effect from 1 January 2024) Leandro Ortolan (appointed with effect from 1 January 2024) Aineen Akhund Rishi (appointed with effect from 15 February 2024)
Key Function Holders	**Risk Management Key Function Holder:** Seamus O'Shea, Risk Management Consultant, Aon. Email: seamus.oshea@aon.com **Internal Audit Key Function Holder:** Rav Vithaldas, Director, Ernst Young. Email: rav.vithaldas@ie.ey.com
Consultant & Registered Administrator	Aon Solutions Ireland Limited (t/a Aon), Hibernian House, Building 5200, Cork Airport Business Park, Co. Cork.
Investment Managers of Pension Fund	Irish Life Investment Managers Limited (ILIM), Beresford Court, Beresford Place, Dublin 1.
Actuary	Fred Gilmore FSAI Invesco Ltd, Burtonhall Road, Sandyford, Dublin18.
Auditor	Forvis Mazars, Chartered Accountants, Block 3, Harcourt Centre, Harcourt Road, Dublin 2.
Pensions Authority	Verschoyle House, 28-30 Lower Mount Street, Dublin 2.
Pensions Authority Reference No.	PB 7140

If you have any queries on this annual report or on any aspect of the Scheme you should refer them, in the first instance, to:

James Blackman,
BASF plc,
4th & 5th Floors, 2 Stockport Exchange, Railway Road, SK1 3GG
Stockport, United Kingdom.
Email: james.blackman@basf.com

Trustees' Report

Introduction

The Trustees are pleased to present here with the annual report to members of The BASF Ireland Limited Pension and Life Assurance Scheme ("the Scheme") for the year ended 31 December 2023. This is the first year of a full report and as the previous year was an abbreviated report which was subject to a review rather than an audit the comparative figures are unaudited. The content of this report conforms to the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended), as prescribed by the Minister for Social Protection under the Pensions Act 1990. The report outlines the constitution and structure of the Scheme together with details of financial developments for the year, investment matters and membership movements.

The Scheme, which operates on a defined benefit basis, was established on 1 August 1976 to provide retirement and life assurance benefits for its members and is a distinct legal entity, separate in every respect from the Principal Employer, BASF Ireland Limited. Membership is closed to new entrants.

The Scheme is governed by a definitive Trust Deed and Rules which members are entitled to inspect or receive a copy thereof. Details of members' benefits are also provided in the explanatory booklet which has been distributed to all members.

The Scheme has been approved by the Revenue Commissioners as an "exempt approved scheme" under Section 774 of the Taxes Consolidation Act, 1997, and as such its assets are generally allowed to accumulate free of income and capital gains taxes. In addition, tax relief is given on employer contributions to the Scheme and certain lump sum payments to members can be paid free of tax. The Scheme has also been registered with the Pensions Authority and its registration number is PB 7140.

The Scheme is financed by contributions from the employer. Details of contributions are set out in note 4 to the Financial Statements.

Changes to the Scheme

In 2023, the BASF Ireland Limited Executive Defined Benefit Plan was wound up, and all its assets and liabilities were transferred into this Plan. The Trustees took extensive legal and actuarial advice in advance of the transfer and engaged in extensive dialogue with its advisors and BASF in this regard. Once the Trustees confirmed their agreement to the transfer, a Merger Agreement was signed by all parties documenting the transfer. Circa €5m of assets transferred into the Plan in January 2024 and 3 deferred members and 1 pensioner in payment also transferred. The funding position of the Plan was unaffected by this transfer which was a particular focus for the Trustees before they agreed to the transfer.

There have been no other changes since the previous Scheme year in the information specified in Schedule C of the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended).

Trustees and Advisors

Stewardship of Scheme assets is in the hands of its Trustees, as outlined on page 1. The right of members to select or approve the selection of trustees to the Scheme is set out in the Occupational Pension Schemes (Member Participation in the Selection of Persons for Appointment as Trustees) (No.3) Regulations, 1996, (S.I. No. 376 of 1996).

Under the Trust Deed the Principal Employer has the power by Deed to appoint or remove trustees or amend the number of trustees.

The Trustees have access to appropriate training on their duties and responsibilities as Trustees. Section 59AA of the Pensions Act 1990, which requires trustees of pension plans to undergo training, was brought into force on 1 February 2010 by virtue of the Social Welfare and Pensions Act 2008 (Section 28) (Commencement) Order 2009.

We confirm that the Trustees have received appropriate trustee training as required by the Pensions Act 1990, within the time limits set out therein. No costs or expenses were incurred by the Scheme during the year in relation to the provision of trustee training.

The Trustees and registered administrator have access at all times to guidelines, guidance notes and codes of practice issued by the Pensions Authority in accordance with Section 10 of the Pensions Act, 1990.

The Trustees and registered administrator have appropriate procedures in place to ensure that:

- Contributions payable during the Scheme year are received by the Trustees in accordance with the timetable set out in Section 58A of the Pensions Act 1990 where applicable to the contributions and otherwise within 30 days of the Scheme year end, and
- Contributions payable have been paid in accordance with the rules of the Scheme and the recommendations of the Actuary.

Internal Dispute Resolution (IDR) Procedures

The Trustees have drawn up a set of procedures for dealing with complaints from actual or potential beneficiaries under the Scheme, as required under Section 55 of the Financial Services and Pensions Ombudsman Act 2017 (No. 22 of 2017).

Members/beneficiaries may make a complaint in writing to the Trustees of the Scheme. The Trustees will review the complaint and make a decision on the matter. If the member/beneficiary is unhappy with the Trustees' decision, they may make an appeal to the Financial Services and Pensions Ombudsman. Further information about these IDR Procedures is available from the HR Manager.

Members may also contact the Pensions Authority which was established under the terms of the Pensions Act 1990 to safeguard the pension rights of members of pension plans. It has extensive powers to enforce compliance with the legislation, including those of investigating and prosecutions. The address and registration number are provided on page 1 of this report.

Pension Increases

There were no increases payable by the pension scheme during the year (with the exception of former members entitled to preserved benefits under the terms of the Pensions Act) to pensions in the course of payment or deferred pensions payable.

There are no pensions or pension increases being paid by, or at the request of the Trustees for which the scheme would not have a liability in the event of its winding up.

Financial Developments

The financial development of the Scheme during the year is shown below:

	€
Opening Value as at 31 December 2022	4,046,255
Net Withdrawals from Dealings with Members	(293,762)
Investment Returns	403,527
Closing Value as at 31 December 2023	**4,156,020**

All contributions were received within 30 days of the Scheme year end, and in accordance with the Scheme Rules and the recommendations of the Actuary.

Self-Investment

There were no employer related investments at any time during the year.

Condition of the Scheme

The financial condition of the Scheme is dealt with in the Actuarial Position and Investment Management sections of this report.

The Scheme is funded by contributions paid by the employer. Actuarial advice will have been obtained when setting those contributions. However, there is no guarantee that the Scheme will have sufficient funds to pay the benefits promised. It is therefore possible that the benefits payable under the Scheme may have to be reduced. If the Scheme is wound up and there is a deficit, the employer may not be under an obligation to fund the deficit or, even if the employer is under such an obligation, they may not be in a position to fund the deficit.

Further information on this statement can be obtained from the Trustees.

Under the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended), the Trustees are required to describe the risks associated with the Scheme and disclose these to members. A Statement of Risks adopted by the Trustees is set out on pages 33 and 34 of this report.

Actuarial Position

The development of the Scheme is monitored by the Scheme Actuary by means of an actuarial valuation which is required to be carried out at least every three years. The latest actuarial valuation was carried out as at 1 January 2023.

BASF Ireland DAC and the Trustees have agreed to a merger of the BASF Ireland Limited Executive Defined Benefit Plan (“the Executive Plan”) into this Scheme. The merger is to be affected by way of a transfer

Actuarial Position (continued)

of the assets and liabilities of the Executive Plan into the Scheme pursuant to the terms of the respective Plans and the Pensions Act. The Trustees of this Scheme have taken extensive legal and actuarial advice before this process was completed. The Trustees are in the process of reviewing the Plan's funding and investment strategy following completion of the merger.

An Actuarial Funding Certificate and Funding Standard Reserve Certificate were prepared for the Scheme under Section 42 of the Pensions Act, 1990 with an effective date of 31 December 2022 and showed that, at that date, the Scheme satisfied the funding standard and the funding standard reserve provided for in Section 44 of the Act. The Actuary carried out a further review of the Scheme as at 31 December 2023 and confirmed that in his opinion the Scheme satisfied the funding standard and the funding standard reserve as at 31 December 2023. A copy of the statement from the Actuary, the certificates and Report on Actuarial Liabilities are included on pages 28 to 32 of this report.

Investment Management

The Trustees have delegated responsibility for the investment and day to day administration of the pension Scheme's assets to the investment managers. Irish Life Investment Managers Limited are currently responsible for the management of the Scheme's investments and their reports are contained in the investment reports as set out on pages 24 to 27 of this report.

The investment manager has its own appointed custodians which have systems of internal control to ensure the safe custody of assets.

The fees payable to the investment manager is based on the average value for the year of the assets under management. These fees are deducted from the funds at source, prior to valuing the assets.

Overall responsibility for investments and their performance lies with the Trustees of the Plan. The Trustees hold meetings with the investment managers to discuss investment policy and performance. The Trustees' Statement of Investment Policy Principles is set out on pages 35 to 40.

All consulting fees are paid by the Principal Employer. All investment manager fees are borne by the Scheme. Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland requires the disclosure of the nature and extent of credit and market risks the investments are subject to and the risk management processes in place to manage these risks.

These details are included in the Investment Risk note in the Financial Statements.

IORP II	The Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) – "IORP II" – was transposed into Irish law on 22 April 2021 by way of the European Union (Occupational Pension Schemes) Regulations 2021 (Statutory Instrument No. 128/2021). This is the most significant regulation to impact occupational pension schemes since the Pensions Act 1990. The primary purpose of the IORP II Directive and transposing Regulations is to raise governance standards with a view to improving member outcomes. The administrative deadline for full compliance, with a few exceptions, was 31 December 2022. The Trustees met all deadlines set and worked with their professional advisors to achieve full compliance ahead of time.
Sustainable Finance Disclosure Regulations (SFDR)	All of the Funds available under the Scheme have been classified under Article 6 as defined under the SFDR. The investments underlying these financial products do not take into account the EU criteria for environmentally sustainable economic activities. The Trustees continue to review the Scheme's approach to sustainability considerations.
Events Subsequent to the Balance Sheet Date	There are no other events post period end that would require amendments to or disclosure in this report.

Summary of Membership

Membership Movements

The following is a summary of the membership movements in respect of the Scheme year ended 31 December 2023.

	Active Members	Deferred Members	Pensioners
Membership @ 31/12/2022	-	24	14
Adjustment	**-**	**-**	**-**
Retirements	-	(3)	3
Leavers	-	(1)	-
Membership @ 31/12/2023	**-**	**20**	**17**

All pensions in payment have been secured by an annuity purchased with an insurance company on a "buy in" basis, meaning the Scheme retains full responsibility for payment of the pension, but the cost of same has been hedged fully by annuity purchase.

No members were covered for death benefits only at the year-end (*2022: Nil*).

Signed by and on behalf of the Trustees

Trustee: ______________________________

Trustee: ______________________________

Date: ______________________________

Statement of Trustees' Responsibilities

The financial statements are the responsibility of the Trustees. Irish pension legislation requires the Trustees to make available for each Scheme year the annual report of the Scheme, including audited financial statements and the report of the auditor. The financial statements are required to show a true and fair view, in accordance with Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), of the financial transactions for the Scheme year and of the assets and liabilities (other than liabilities to pay benefits in the future) at the end of the Scheme year and include a statement as to whether the financial statements have been prepared in accordance with the Statement of Recommended Practice - Financial Reports of Pension Schemes (Revised 2018) ("SORP"), subject to any material departures disclosed and explained in the financial statements.

Accordingly, the Trustees must ensure that in the preparation of the Scheme financial statements:

- suitable accounting policies are selected and then applied consistently;
- reasonable and prudent judgements and estimates are made;
- they have assessed the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so; and
- the SORP is followed, or particulars of any material departures have been disclosed and explained.

The Trustees are required by law to have appropriate procedures in place throughout the year under review, to ensure that:

- contributions payable during the Scheme year are receivable by the Trustees in accordance with the timetable set out in Section 58A of the Pensions Act 1990 where applicable to the contributions and otherwise within 30 days of the Scheme year end; and
- contributions payable are paid in accordance with the rules of the Scheme and the recommendations of the Actuary.

The Trustees are responsible for making available certain other information about the Scheme in the form of an annual report. The Trustees are also responsible for ensuring that proper membership and financial records are kept on a timely basis sufficient to enable an annual report to be prepared for the Scheme containing the information specified in Regulation 7 of the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended) including financial statements which show a true and fair view of the financial transactions of the Scheme in the year under review and of the assets and liabilities at the year end, other than liabilities for pensions and other benefits payable after the year end. The Trustees are also responsible for safeguarding the assets of the pension Scheme and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, including the maintenance of appropriate internal controls.

Signed by and on behalf of the Trustees

Trustee: ______________________________

Trustee: ______________________________

Date: ______________________________

Independent Auditor's Report

Independent auditor's report to the trustees of BASF Ireland Limited Pension and Life Assurance Scheme

Independent auditor's report to the trustees of BASF Ireland Limited Pension and Life Assurance Scheme (continued)

Independent auditor's report to the trustees of BASF Ireland Limited Pension and Life Assurance Scheme (continued)

Fund Account

Fund account for the year ended 31 December 2023

	Notes	2023 €	2022 €
Contributions and Benefits			
Contributions	**4**	-	-
		-	-
Other receipts		3,104	-
Benefits payable	**5**	(287,357)	(357,903)
Payments to and on account of leavers	**6**	(1,652)	(1,183,104)
Other expenditure – fees		(7,857)	(25,647)
		(296,866)	(1,566,654)
Net withdrawals from dealings with members		(293,762)	(1,566,654)
Returns on Investments			
Change in Market Value of Investments	**7**	403,527	(1,807,972)
Net returns on investments		403,527	(1,807,972)
Net increase/(decrease) in the Fund		109,765	(3,374,626)
Net Assets as at 1 January		4,046,255	7,420,881
Net Assets as at 31 December		**4,156,020**	**4,046,255**

The notes on pages 15 to 23 form part of the Financial Statements

Signed by and on behalf of the Trustees

Trustee: ________________________________

Trustee: ________________________________

Date: ________________________________

Statement of Net Assets (Available for Benefits)

as at 31 December 2023

	Notes	2023 €	2022 €
Investments			
Pooled Investment Vehicles	**7**	1,769,408	2,158,129
Insurance Policies	**7**	2,339,000	1,851,000
Pooled Investment Vehicles AVCs	**7**	45,658	109,859
Total Investments		**4,154,066**	**4,118,988**
Current Assets	**8**	1,954	3,606
Current Liabilities	**9**	-	(76,339)
Net Assets as at 31 December		**4,156,020**	**4,046,255**

Note: The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits, which fall due after the end of the year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities, the Actuarial Funding Certificate and the Actuary's Statement included in the annual report, and these financial statements should be read in conjunction with them.

The notes on pages 15 to 23 form part of the Financial Statements

Signed by and on behalf of the Trustees

Trustee: ________________________________

Trustee: ________________________________

Date: ________________________________

Notes to the Financial Statements

1. The Fund

The Scheme is established under a trust and is governed by the Trust Deed and Rules. It is a Defined Benefit Scheme which has its own legal entity separate from BASF Ireland Limited and has received approval from the Revenue Commissioners. The scheme is registered with the Pensions Authority. The benefits to which members are entitled are set out in the Trust Deed and Rules. There were no changes to the scheme basis or benefit structure during the year. Last active members left the scheme at 30 September 2011.

Following the imposition of the IORP II Directive and transposing Regulations, this is the first year the Scheme is subject to a full report and as the previous year was an abbreviated report which was subject to a review rather than an audit the comparative figures are unaudited.

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2. Basis of Preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended) ("the Regulations"), the guidelines set out in the Statement of Recommended Practice – Financial Reports of Pension Schemes (Revised 2018) ("SORP"), published by the Pensions Research Accountants Group and Financial Reporting Standard 102– The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102").

The financial statements summarise the transactions and net assets of the Scheme. Liabilities to pay pensions and other benefits which are expected to become payable in the future are not dealt with in the financial statements. The actuarial position of the fund, which does take account of such liabilities, is dealt with in the Actuarial Valuation Report, the Report on Actuarial Liabilities, the Actuarial Funding Certificate and the Actuary's Statement. The financial statements should be read in conjunction with these. The most recent valuation was carried out at 1 January 2023.

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3. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Scheme's financial statements:

Accruals concept

The financial statements have been prepared on an accruals basis with the exception of individual transfers, which are recognised when received or paid.

Contribution income

Deficit funding and augmentation contributions are accounted for on the basis agreed with the Principal Employer, the Trustees and the Scheme Actuary, or, if there is no agreement, they are accounted on a cash basis.

Members were permitted to make additional voluntary contributions to acquire further benefits on a money-purchase basis. Such contributions are invested separately from the main assets of the Scheme and included in the Statement of Net Assets.

3. Accounting policies (continued)

Transfers to and from other Schemes

Individual transfer values represent the amounts received or paid during the year. All the values are based on methods and assumptions determined by the actuary for the Trustees.

Buy-in annuity policy

Buy-in insurance policies are valued on a buy out basis by the Scheme Actuary.

Change in Market Value

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

Investment income

Income is accounted for on an accruals basis. Income earned on investments in unitised funds is not distributed but is accumulated with the capital of the funds and dealt with as part of the change in market value.

Foreign currencies

The functional and presentation currency of the Scheme is the Euro. Balances denominated in foreign currencies are translated into Euro at the rate ruling at the year-end date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

Benefits payable/Payments to leavers

Pensions in payment, including pensions funded by annuity contracts, are accounted for in the period to which they relate.

Benefits payable and payments to leavers are accounted for in the period in which the member notifies the Trustees of their decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving.

Administrative expenses and investment management expenses

Administrative expenses and investment management expenses, which are borne by the Scheme, are accrued as they are incurred.

Valuation and classification of investments

Investments are included at fair value. The fair value of pooled investment vehicles (including unitised funds) is taken at bid price (or single unit price where bid and offer prices are not available), as quoted by the investment manager, as at the date of the Statement of Net Assets.

Where quoted or other unit prices are not available, the Trustees adopt valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumptions are given in the notes to the financial statements where used.

The methods of determining fair value for the principal classes of investments are:

3. Accounting policies (continued)

- Pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price.
- Unitised pooled investment vehicles which are not traded on an active market but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the period end.
- The values of other pooled investment vehicles which are unquoted or not actively traded on a quoted market are estimated by the Trustees. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case an adjustment is made.

Unitised insurance policies are valued on the same basis as pooled investment vehicles with similar characteristics.

Unit trusts and managed funds

Unitised securities are stated at the latest bid prices quoted by the investment managers at the year end.

4. Employer contribution

	2023	2022
	€	€
Contributions	-	-
Total	**-**	**-**

Per the Actuary's valuation, as the Scheme was sufficiently funded, no contributions were due to the Scheme in the period under review.

5. Benefits payable

	2023	2022
	€	€
Retirement lump sums	36,575	29,564
Purchase of A(M)RF's/Annuities	32,782	76,339
Pension Payments	218,000	252,000
Total	**287,357**	**357,903**

6. Payments to and on account of leavers

	2023	2022
	€	€
Transfers out	-	1,183,104
Refund of Contributions	1,652	-
Total	**1,652**	**1,183,104**

7. Investments

a. Summary of movements in investments during the year

	Value at 31-12-22	Purchases at cost	Sales proceeds	Change in market value	Value at 31-12-23
	€	€	€	€	€
Pooled Investment Vehicles	2,158,129	3,104	(570,460)	178,635	1,769,408
Insurance Policies	1,851,000	486,421	(218,000)	219,579	2,339,000
Pooled Investment Vehicles AVCs	109,859	-	(69,514)	5,313	45,658
Totals	**4,118,988**	**489,525**	**(857,974)**	**403,527**	**4,154,066**

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on the sales of investments during the year. Where the investments are held in unitised funds, the change in market value also includes expenses both implicit and explicit for the year and any reinvested income, where the income is not distributed.

Transaction costs include fees, commissions, stamp duties and other duties. Transaction costs are incurred by the Scheme in relation to transactions in pooled investment vehicles. Such costs are captured through the bid/offer spread of the pooled investment vehicles. The amounts of transaction costs are not separately provided to the Scheme.

The investment managers are remunerated on a fee basis calculated as a percentage of the assets under management and these fees are reflected in unit prices and borne by the Scheme.

The liability for pensions in payment of €218,000 pensioners was fully insured through the purchase of annuities.

b. Summary of investment as a % of net assets

	2023	% Net Assets	2022	% Net Assets
	€		€	
Irish Life Investment Managers Limited				
Multi Asset Portfolio 5 CB Series B	561,999		678,174	16.76%
Pension Protection Fund	1,207,409		1,479,955	36.58%
	1,769,408		2,158,129	
Insurance Policies				
Insurance Policies	2,339,000		1,851,000	45.75%
	2,339,000		1,851,000	
Irish Life Investment Managers Limited AVCs				
EMPOWER Cash Fund	-	-	69,107	1.71%
Exempt Active Managed Fund	13,942		12,760	0.32%
Exempt Consensus Fund	31,716		27,992	0.69%
AVC Assets	45,658		109,859	
	4,154,066		**4,118,988**	

c. Pooled Investment Values by type

	2023	2022
	€	€
Pooled investment vehicles		
Multi-Asset Funds	607,657	718,926
Cash Funds	-	69,107
Fixed Interest Funds	1,207,409	1,479,955
Insurance Policies	2,339,000	1,851,000
	4,154,066	**4,118,988**

d. Concentration of Investments

Excluding investments in unit-linked funds as outlined above, there is no investment that accounts for more than 5% of the Scheme's net assets as at 31 December 2023. (*2022: Nil*).

e. Investment Fair Value Hierarchy

The fair values of the Scheme's investment assets have been determined using the following hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

At 31 December 2023	Level 1	Level 2	Level 3	Total
	€	€	€	€
Pooled investment vehicles	-	1,769,408	-	1,769,408
Insurance Policies	-	-	2,339,000	2,339,000
Pooled investment vehicles AVCs	-	45,658	-	45,658
	-	**1,815,066**	**2,339,000**	**4,154,066**

At 31 December 2022	Level 1	Level 2	Level 3	Total
	€	€	€	€
Pooled investment vehicles	-	2,158,129	-	2,158,129
Insurance Policies	-	-	1,851,000	1,851,000
Pooled investment vehicles AVCs	-	109,859	-	109,859
	-	**2,267,988**	**1,851,000**	**4,118,988**

f. Investment risks

Risk Measurement and Management

FRS 102 requires the disclosure of information in relation to certain investment risks:

Credit Risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

There is direct credit risk arising from the purchase of an annuity policy for a number of pensioners on a buy in basis. In the case of annuities this risk is a counterparty risk, ie the risk that the insurer fails to meet its obligations to the Scheme however this risk is mitigated by the fact that the provider (Irish Life Assurance plc and New Ireland) is regulated by the Central Bank of Ireland and the risk is therefore deemed to be minimal. In addition the annuity policies are subject to indirect interest risk due to certain underlying assumptions, such as the discount rate, being sensitive to movements in interest rates.

Market Risk: this risk comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustees determine their investment strategy after taking advice from their professional investment advisor. The Scheme has exposure to the

Risk Measurement and Management (continued)

above risks because of the investments it makes in following the investment strategy set out below. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

Investment Strategy

The investment objective of the Trustees of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Scheme payable under the trust deed and rules as they fall due.

The Trustees set the investment strategy for the Scheme taking into account considerations such as the strength of the employer covenant, the long term liabilities of the Scheme and the funding agreed with the Employer. The investment strategy is set out in the Scheme's Statement of Investment Policy Principles ("SIPP").

Further information on the Trustees' approach to risk management, credit and market risks is set out below.

Credit risk

The Scheme is subject to direct credit risk in relation to Irish Life Investment Managers Limited as the Scheme's investments are held by way of policies of assurance or investment funds managed by this investment manager. The investment manager is regulated by the Central Bank.

The Scheme is subject to indirect credit risk arising from underlying investments held in the Multi Asset Funds and the Bond Funds. A portion of these underlying investments include bonds, cash and derivatives.

Credit Funds risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled managers, the regulatory environments in which the pooled managers operate and diversification of investments across a number of investment managers and funds. All investment manager is regulated by the Central Bank of Ireland. The Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the operating environments of the pooled managers. Pooled investment arrangements used by the Scheme comprise unit linked insurance contracts with Irish Life Investment Managers Limited.

Currency Risk
The Scheme is subject to indirect currency risk as some of the underlying investments of the Scheme's pooled investment vehicles are held in overseas markets. Currency risk is managed through investment fund diversification by the investment manager within the funds.

Interest Rate Risk
The Scheme is subject to indirect interest rate risk primarily in the Bond Funds and also in the Multi Asset Funds.

Investment Strategy (continued)

Other price risk

Indirect other price risk arises principally in relation to property, equities and bonds held in the pooled investment vehicles. All of the Scheme's pooled investment funds are exposed to indirect other price risk. The Scheme's investment manager manages this exposure to overall price movements by holding diverse portfolios of investments across various markets within each fund depending on the strategy for the fund.

8. Current Assets

	2023	2022
	€	€
Trustee Bank Account	293	3,606
Annuity receipts due to the Plan	1,661	-
Total	**1,954**	**3,606**

9. Current Liabilities

	2023	2022
	€	€
Benefits payable	-	76,339
Total	**-**	**76,339**

10. Related Party Transactions

The Trustees

The Trustees of the Scheme during the year under consideration in this report are listed on page 1 of this report. The Trustees did not receive and are not due any remuneration from the Scheme in connection with the management of the Scheme during the year.

The Principal Employer

BASF Ireland Limited is the Principal Employer. Employer contributions to the Scheme are disclosed in the Fund Account. Contributions are made in accordance with the Trust Deed and Rules and the recommendations of the Actuary.

The Registered Administrator

Aon provides consulting and administration services to the Scheme. Fees in respect of such services were paid by the Principal Employer. The administrator operates a trustee bank account on behalf of the Scheme. Cash held on behalf of the Scheme at 31 December 2023 was €293 *(2022: €3,606).*

The Investment Managers

Irish Life Investment Managers Limited is the investment manager. They are remunerated on a fee basis calculated as a percentage of the assets under management and these fees are reflected in unit prices and are borne by the Scheme.

11. Self-Investment

There were no employer-related investments at any time during the year.

12. Contingent Liabilities and Contractual Commitments

There were no contingent liabilities or contractual commitments (save for the liabilities to pay pensions and other benefits in the future which have not been taken into account) at 31 December 2023 (*2022: Nil*).

13. Events Subsequent to the Year End Date

There are no other events post period end that would require amendments to or disclosure in this report.

Investment Manager Reports

Irish Life

Investment Manager's Report

BASF IRELAND LIMITED 5235-01

Investment Report for Year Ended 31 December 2023

Investment Policy

The long term investment objectives of your pension fund are to achieve a return on fund assets which is sufficient, over the long-term, to meet your funding objectives and to earn a rate of return on assets that will exceed inflation and the risk free rate (cash).

In general, this will require a long-term investment return of at least price inflation plus 4% per annum. Examination of the long term return characteristics of asset types indicates that these objectives are most likely to be achieved by allocating a higher proportion of the fund to risk assets, such as equities and property with lower allocations to monetary assets such as bonds and cash. Each scheme however is unique and as such will have its own unique characteristics that determine the appropriate asset allocations between risk & monetary assets. Risk assets as outlined above whilst providing superior longer term returns, tend to be more volatile when compared with monetary assets which historically have provided lower returns but with less volatility.

Investment Performance

Global equities (MSCI All Country World Index) have rallied strongly over the past 12 months, rising by 22.2% (18.7% in € terms). Equities were buoyed in 2023 as hopes grew for a soft landing whereby while growth slows, a recession is avoided, and inflation continues to fall enabling central banks to begin cutting interest rates in 2024. The MSCI USA rallied by 27.1% (22.8% in € terms) over the past year. European ex-UK equities rose by 17.3% (18.5% in €) over the period, aided by a reversal of some severe headwinds following the outbreak of the war in Ukraine, including the collapse in natural gas prices, which eased inflation and growth pressures in the Eurozone. Meanwhile, emerging markets equities rose by 10.3% (6.5% in € terms) over the period. The asset class was weighed by concerns over a fading of the Q1 2023 reopening led rebound in China through the middle of the year although improving economic data and stimulus measures have been supportive more recently.

Developed-market bonds were particularly impacted by aggressive rate rises from the Fed, the European Central Bank (ECB) and other central banks for most of the past 12 months. The ECB has raised its deposit rate from the low point in 2022 by 450bps to 4.0% currently. Recently bond yields have fallen as inflation has begun to surprise to the downside. As a result, bond markets have rallied sharply in the past two months. This was reflected in the ICE BofA 5+ Year Euro Government bond index, which rose by 8.5% over the past 12 months.

Real estate performance has been hampered by rising interest rates over the past 12 months. Falls in the Irish property market have resulted in more attractive property yields of around 5.2%. Amid the drag from tighter financial conditions, there has been an increase in demand for properties with strong environmental qualities and operational efficiency, as well as properties with inflation-aligned rents which are more common in Europe.

Commodities fell by 4.3% (-7.5% in €) over the past 12 months. The Brent crude oil price fell by 10.3% as uncertainty over continued OPEC+ output restrictions weighed on the price recently and outweighed an improving demand backdrop.

SCHEME SUMMARY INFORMATION

Fund Code	Fund Name	Opening Value	Contributions / Withdrawals	Gain / Loss	Closing Value
GHB	Multi Asset Portfolio 5 CB Series B	€678,173.90	€(180,855.13)	€64,679.80	€561,998.57
PPF	Pension Protection Fund	€1,479,955.06	€(386,501.09)	€113,955.33	€1,207,409.30
Total		**€2,158,128.96**			**€1,769,407.87**

Fund Code	Fund Name	Opening Units	Price	Opening Value	Closing Units	Price	Closing Value
GHB	Multi Asset Portfolio 5 CB	392,689	€1.727	€678,173.90	292,403	€1.922	€561,998.57
PPF	Pension Protection Fund	382,813	€3.866	€1,479,955.06	284,565	€4.243	€1,207,409.30
Total				**€2,158,128.96**			**€1,769,407.87**

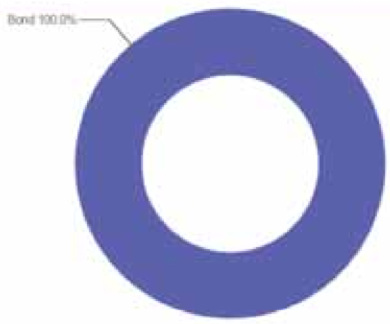
PERFORMANCE AS AT 31 DECEMBER 2023

Fund Name	QTD	YTD	1 Year	3 Years p.a.	5 Years p.a.	10 Years p.a.	Since Launch p.a.
Multi Asset Portfolio 5 CB Series B	5.3%	11.3%	11.3%	4.4%	5.4%	6.3%	6.4%
Pension Protection Fund	14.9%	9.8%	9.8%	-11.2%	-2.2%	2.3%	4.7%

PENSION PROTECTION FUND

The fund is invested 60% in Active AAA>15 Yr Eurozone Government Bonds and 40% in Indexed > 10 Year Euro Large Corporate Bonds.

ASSET ALLOCATION



ASSET ALLOCATION	
BOND	**100.0%**
Government Bonds	60.6%
Corporate Bonds	39.4%

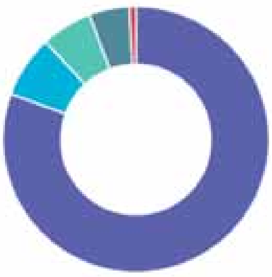
PERFORMANCE AS AT 31/12/2023

	1 Month	3 Month	1 Year	3 Year p.a.	5 Year p.a.	10 Year p.a.	Since Launch p.a.
Fund	7.69%	14.89%	9.75%	-11.20%	-2.18%	2.28%	4.67%
Benchmark	7.49%	13.96%	9.38%	-11.22%	-2.32%	2.49%	4.91%

MULTI ASSET PORTFOLIO 5 CB SERIES B

This fund holds assets across the range of investment options - bonds, shares, cash, property and alternatives. Among other characteristics, the fund aims to promote environmental and social characteristics including enhanced exposure to more sustainable companies and a better alignment to the low carbon transition economy. It features several risk management strategies.
This is a medium to high risk fund, which aims to have a relatively high exposure to high risk assets such as shares and property. The fund manager monitors and rebalances the fund regularly and may change the mix over time.

ASSET ALLOCATION



ASSET ALLOCATION	
SHARES	**80.5%**
Global Shares	68.6%
Global Low Volatility Shares	8.9%
Small Cap Shares	3.0%
BOND	**7.6%**
Emerging Market Bonds	4.5%
High Yield Bonds	2.5%
Corporate Bonds	0.6%
PROPERTY	**6.2%**
Ireland	5.4%
Europe	0.8%
ALTERNATIVES	**4.9%**
Alternatives	4.9%
CASH	**0.8%**

External asset managers may change over time.

PERFORMANCE AS AT 31/12/2023

	1 Month	3 Month	1 Year	3 Year p.a.	5 Year p.a.	10 Year p.a.	Since Launch p.a.
Fund	3.17%	5.32%	11.29%	4.38%	5.42%	6.29%	6.43%
Benchmark	0.70%	2.08%	7.81%	5.43%	4.88%	4.58%	4.58%

Actuarial Funding Certificate

An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BD

Article 4

ACTUARIAL FUNDING CERTIFICATE

THIS CERTIFICATE HAS BEEN PREPARED UNDER THE PROVISIONS OF SECTION 42(1) OF THE PENSIONS ACT 1990 (the ACT) FOR SUBMISSION TO THE PENSIONS AUTHORITY BY THE TRUSTEES OF THE SCHEME

SCHEME NAME: BASF Ireland Limited Pension and Life Assurance Scheme

SCHEME COMMENCEMENT DATE: 28/08/1984

SCHEME REFERENCE NO.: PB7140

EFFECTIVE DATE: 31/12/2019

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 31/12/2016

On the basis of information supplied to me, having complied with any guidance prescribed under section 42(4)(b) of the Act and, subject thereto, having regard to such financial and other assumptions as I consider to be appropriate, I am of the opinion that at the effective date of this certificate:-

(1) the resources of the scheme, which are calculated for the purposes of section 44(1) of the Act to be €4,601,000.00, would have been sufficient if the scheme had been wound up at that date to provide for the liabilities of the scheme determined in accordance with section 44(1) of the Act which, including the estimated expenses of administering the winding up of the scheme, amount to €3,235,000.00, and

(2) €0.00 of the resources of the scheme referred to in paragraph (1) comprise contingent assets, in accordance with and within the meaning of the guidance issued by the Authority and prescribed under section 47 of the Act.

I, therefore, certify that as at the effective date of this certificate the scheme satisfies the funding standard provided for in section 44(1) of the Act.

I further certify that I am qualified for appointment as actuary to the scheme for the purposes of section 51 of the Act.

Signature: Brian Murray **Date:** 27/03/2020

Name: Mr. Brian N. Murray **Qualification:** FSAI

Name of Actuary's: Employer/Firm Irish Life Assurance **Scheme Actuary Certificate No.** P083

Submission Details

Submission Number: SR2328515 **Submitted Electronically on:** 27/03/2020

Submitted by: Brian Murray

Funding Standard Reserve Certificate

An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BE

Article 4

FUNDING STANDARD RESERVE CERTIFICATE

THIS CERTIFICATE HAS BEEN PREPARED PURSUANT TO SECTION 42(1A) OF THE PENSIONS ACT 1990 (the ACT) FOR SUBMISSION TO THE PENSIONS AUTHORITY BY THE TRUSTEES OF THE SCHEME

SCHEME NAME: BASF Ireland Limited Pension and Life Assurance Scheme

SCHEME COMMENCEMENT DATE: 28/08/1984

SCHEME REFERENCE NO.: PB7140

EFFECTIVE DATE: 31/12/2019

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 31/12/2016

On the basis of information supplied to me, having complied with any guidance prescribed under section 42(4)(b) of the Act and, subject thereto, having regard to such financial and other assumptions as I consider to be appropriate, I am of the opinion that at the effective date of this certificate:-

(1) the funding standard liabilities (as defined in the Act) of the scheme amount to €3,235,000.00,

(2) the resources of the scheme (other than resources which relate to contributions or a transfer of rights to the extent that the benefits provided are directly related to the value of those contributions or amount transferred (DC resources)), calculated for the purposes of section 44(1) of the Act amount to €4,601,000.00,

(3) €3,528,000.00 , of the amount referred to in paragraph (2) (subject to a maximum of an amount equal to the funding standard liabilities) is invested in securities issued under section 54(1) of the Finance Act 1970 (and known as bonds), securities issued under the laws of a Member State (other than the State) that correspond to securities issued under section 54(1) of the Finance Act 1970, cash deposits with one or more credit institutions and such other assets (if any) as are prescribed under section 44(2)(a)(iv) of the Act,

(4) the amount provided for in section 44(2)(a) of the Act (Applicable Percentage x ((1) minus (3)) is €0.00,

(5) the amount provided for in section 44(2)(b) of the Act, being the amount by which the funding standard liabilities of the scheme would increase if the interest rate or interest rates assumed for the purposes of determining the funding standard liabilities were one half of one per cent less than the interest rate or interest rates (as appropriate) assumed for the purposes of determining the funding standard liabilities less the amount by which the resources of the scheme (other than DC resources) would increase as a result of the same change in interest rate or interest rates is -€118,000.00,

(6) the aggregate of (4) and (5) above amounts to €0.00, and

(7) the additional resources (as defined in the Act) of the scheme amount to €1,366,000.00, of which, in accordance with and within the meaning of the guidance issued by the Authority and prescribed under section 47 of the Act, €0.00 comprises contingent assets and €0.00 of such contingent assets comprise an unsecured undertaking.

I therefore certify that as at the effective date of the funding standard reserve certificate, the scheme does hold sufficient additional resources to satisfy the funding standard reserve as provided in section 44(2) of the Act.

I further certify that I am qualified for appointment as actuary to the scheme for the purposes of section 51 of the Act.

Signature:		**Date:**	27/03/2020
Name:	Mr. Brian N. Murray	**Qualification:**	FSAI
Name of Actuary's: Employer/Firm	Irish Life Assurance	**Scheme Actuary Certificate No.**	P083

Submission Details

Submission Number:	SR2328908	**Submitted Electronically on:**	27/03/2020
Submitted by:	Brian Murray		

Actuary Statement

Irish Life

BASF Ireland Limited Pension and Life Assurance Scheme

PB 7140

Actuary's Statement for the year ended 31st December 2023

An Actuarial Funding Certificate and a Funding Standard Reserve Certificate were prepared for the BASF Ireland Limited Pension and Life Assurance Scheme ("the Plan") under Section 42 of the Pensions Act, 1990 ("the Act") with effective date of 31st December 2022 and showed that, at that date, the Plan satisfied the funding standard and the funding standard reserve provided for in Section 44 of the Act.

I can confirm that I am reasonably satisfied that, if I had prepared an Actuarial Funding Certificate and a Funding Standard Reserve Certificate with an effective date 31st December 2023, I would have been able to certify that the Plan satisfied the funding standard and funding standard reserve as at that date.

This Actuary's Statement was prepared in accordance with the requirements of Section 55 of the Act and (when read together with the Actuarial Valuation Report dated 1 January 2023) Actuarial Standard of Practice ASP-PEN 3.

It should be noted that the funding position of the Plan relative to the funding standard is very sensitive to the investment return earned, the yield available on long dated bonds, mortality and changes to insurance company annuity rates as well as other financial and demographic variables. Experience in these areas will be critical in determining whether the Plan will be in a position to satisfy the funding standard in the future.

Frederik Gilmore
Fellow of the Society of Actuaries in Ireland
14 May 2024

Report on Actuarial Liabilities

Report on Actuarial Liabilities (forming part of the Trustees' Report)

Under Section 56 of the Pensions Act, 1990, and associated regulations, the Trustees of defined benefit pension schemes are required to have a valuation1 of the scheme prepared on a triennial basis. The most recent formal actuarial valuation of the Scheme was carried out as at **1 January 2023**. A copy of the report is available to Scheme members on request.

One of the purposes of the valuation is to set out the Scheme's ongoing funding level. It does this by comparing the value of the Scheme's accumulated assets with the value of its accrued liability. The assets and liabilities emerging from the last valuation were as follows:

	€000s
Value of Accumulated Assets*	2,162
Value of Accrued Liabilities*	1,937
Surplus / (Deficit)	225
Funding Level	112%

Valuation Method & Assumptions

The value of the accrued liability was calculated by firstly projecting the accrued benefits payable in the future, making assumptions in relation to financial matters such as salary and pension increase rates and demographic matters such as mortality rates. The resultant projected benefit cashflows were then discounted to the valuation date to arrive at a single capitalised value.

A summary of the most significant actuarial assumptions used to determine the accrued liability is set out below (full details are provided in the Scheme's triennial actuarial report at **1 January 2023**):

Financial assumptions	
Discount rate	
- Pre-retirement	3.0%
- Post-retirement	2.0%
Salary increases	n/a
State pension increases	n/a
Revaluation of deferred benefits	2.6%
Pension increases	0.0%

Demographic assumptions	
Post-retirement Mortality	90% of ILT17 less 1 year with CSE mortality improvements less 1 year age offset.

The next valuation is due to be completed with an effective date not later than 1 January 2026.

* the liabilities and assets above do not include the value of annuities purchased in the name of the trustees. This is consistent with the approach taken in the actuarial valuation.

Note: It should be borne in mind that a valuation is only a snapshot of a scheme's estimated financial condition at a particular point in time; it does not provide any guarantee of future financial soundness of a scheme. Over time, a scheme's total cost will depend on a number of factors, including the amount of benefits paid and the return earned on any assets invested to pay benefits.

Statement of Risks

The Trustees primary responsibility is to ensure that members receive the benefits to which they are entitled under the rules of the Scheme. In order to provide for these future benefit payments, the Trustees invest the assets of the Scheme in a range of investments, and agree with the employer, on the advice of the actuary, the rate of contributions to be made to the Scheme to meet the balance of the cost of benefits. The Trustees are required to provide a statement of the risks associated with the Scheme to Scheme members.

In a defined benefit plan, the main risk is that there will be a shortfall in the assets (for whatever reason) and the employer will not be willing or able to pay the necessary contributions to make up the shortfall. If that occurs, a member may not get their anticipated benefit entitlements.

The main types of risks which may lead to a shortfall and the steps being taken by the Trustees to minimise these risks are as follows:

Risks	Steps being taken to minimise risk
The assets may not achieve the expected return	This risk will be addressed by ongoing monitoring of investment performance. See Statement of Investment Policy Principles as set out on pages 35 to 40 of this report
Some of the assets may be misappropriated	The Trustees have appointed professional investment managers who have custodial agreements in place etc (see the Statement of Investment Policy Principles).
The values placed on the future liabilities may prove to be an underestimate	The Trustees discuss with the actuary the assumptions used for triennial valuations. The Trustees are required by law to obtain an annual statement concerning the ability of the Scheme to meet the funding standard.
The employer may not pay contributions as they fall due	The Trustees monitor the receipt of contributions and pursue any shortfall. If this is not successful, the Trustees would report the matter to the Pensions Authority.
The employer may decide to terminate its liability to contribute to the Scheme	In this event, the Trustees are required to wind up the Scheme and provide benefits for members in accordance with the Rules and the Pensions Act 1990. The Trustees endeavour to ensure that sufficient assets are available at all times to meet the liabilities on wind up, by means of the annual statement mentioned above. If, however, the Scheme has insufficient assets to meet the liabilities, those already in receipt of pensions at the wind-up date are a priority class, and their pensions (subject to certain legislative limits) must be secured before assets are applied to other members. These other members, i.e. active members and deferred pensioners, are therefore more at risk of not receiving their full benefits on wind-up. Future benefit accrual will also cease in these circumstances.

In addition to the shortfall risks outlined above, there is also the risk that the records relating to Scheme members may not be correct.

The Scheme administration records may not be correct and may fail to comply with the Pensions Act 1990	The Trustees have entered into a service level agreement with the administrator which sets out the administrator's responsibilities. The Trustees receive regular administration reports from the administrator.

The Pensions Authority has powers to pursue breaches of the Pensions Act 1990 and the Financial Services and Pensions Ombudsman may investigate any complaints by members.

BASF Ireland Limited Pension & Life Assurance Scheme ("the Plan")

Statement of Investment Policy Principles (SIPP)

Introduction

The purpose of this document is to comply with the EU directive on the Activities and Supervision of Institutions for Occupational Retirement and satisfy the subsequent changes in the Pensions Act, of 1990.

This statement has been agreed by the Trustees of the Plan.

Plan Structure

The Plan is a Defined Benefit (DB) arrangement. The Plan was established to provide benefits for members and their dependants on retirement or death.

BASF Ireland Limited is the Plan Sponsor. The Trustees are charged with primary responsibility for the management and oversight of the Plan and are responsible for overseeing all aspects of the Plan's operation.

The day-to-day administration of the Plan is provided by a third-party provider.

The Trustees have overall responsibility for the investment of Plan assets and make the key asset allocation decisions. The Trustees appoint external investment managers to manage the Plan's assets. The Plan Administrator also provides investment support services as required and supports the work of the Trustees.

The Trustees have taken expert advice in preparing this document and setting out their Investment Principles and Objectives.

General Principles and Objectives

The responsibility for setting investment policy lies with the Trustees.

The overall investment objective is to seek sustained long-term growth sufficient to meet the liabilities, within appropriate levels of risk, over a prolonged period and taking account of the nature and timing of those liabilities. The adequacy of the Plan's assets to achieve this objective is measured every three years through a formal triennial valuation by the Plan Actuary. The solvency level of the Plan (assessed in accordance with the requirements of the Funding Standard as set out in the Pensions Act 1990 (as amended)) is measured annually.

Implementation

The Trustees employ multiple investment managers to implement the agreed investment allocation. The managers, their investment objectives, and the target proportions of the total fund that each will manage are set out in **Appendix A**.

Published: **October 2023**

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Governance

The Trustees are responsible for the investment of the Plan assets. The Trustees take professional advice from the Investment Consultant, and based on this, make decisions on the asset allocation to be adopted and investment managers to be appointed. The Trustees have established the following decision-making structure:

Trustees

- Set structures and processes for carrying out their role
- Select and monitor planned asset allocation strategy
- Select investment advisors and investment managers
- Decide on the structure for implementing an investment strategy
- Make ongoing decisions relevant to the operational principles of the investment strategy
- Monitor investment advisors and investment managers
- Receive appropriate training to enable appropriate decisions with the help of the investment advisers

Investment Consultant

- Advises on all aspects of the investment of the Plan assets (including implementation)
- Advises on this statement
- Monitor investment managers and investment risk (as required)
- Provide required training (as required)

Fund Managers

- Operate within the terms of this statement and their written contracts
- Select individual investments considering their suitability and diversification

Investment Strategy

The Trustees aim to invest the assets of the Plan prudently to ensure that the benefits promised to members are provided. The Plan's strategic asset allocation is detailed in **Appendix A**.

Actual asset allocations vary from time to time, reflecting market movements and related factors. The Trustees monitor the asset allocation and make appropriate adjustments, considering the target long-term allocation.

The asset allocation was determined considering the actuarial characteristics of the Plan, in particular the strength of the funding position and the liability profile and duration. This will be reviewed in full following each triennial actuarial valuation and the risk profile of the Plan's assets will be reduced as and when affordable taking into account the affordability of the Sponsor and the Trustees' attitude to risk.

The Trustees considered written advice from their investment advisers when choosing the Plan's planned asset allocation strategy. It is the Trustees' policy to consider:

- A full range of asset classes
- The risks and rewards of a range of alternative asset allocation strategies
- The suitability of each asset class
- The need for appropriate diversification

Review of Investment Managers

The Trustees will periodically review each investment manager and review the investment managers every three years with advice from the Plan's investment consultant. These reviews will focus on the following:

- Business Issues
- Organisation and Staff
- Investment Process
- Risk Management
- Systems
- Performance
- Client Service and Fees

The current investment managers, mandates, and benchmarks for each manager are listed in **Appendix A**.

Published: October 2023

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Risk Measurement & Management

The Trustees have considered the following risks and mitigations in the table below:

Risk	Description	Mitigation
Market	Asset return is not in-line with liability changes	Carry out an investment strategy review to determine the appropriate asset mix relative to the liabilities, and by holding a diversified portfolio of assets.
Longevity	Mortality improvements lead to higher costs	Considered in actuarial valuation.
Manager	Investment managers do not meet investment objectives or deviates from intended risk profile	Risk is addressed by regular monitoring of the investment managers on an ongoing basis, relative to their investment objectives and risk profile and by predominantly investing in indexed investments.
Interest Rate	Interest rates change liabilities but is not reflected in the assets	Investing in an appropriate proportion of bonds of an appropriate credit rating, with due consideration to the liability characteristics of the Plan.
Cashflow	Cashflow needs require divestment of assets at an inopportune time	
Inflation	Inflation linked liabilities grows at a faster rate than the assets held	Invest an appropriate proportion of assets with returns that is expected to exceed inflation. Risk is addressed by investing in an appropriate mix of assets that broadly generates the cashflow requirements to match liability cashflows. Risk of increasing importance as the average age increases, and pensioners represent an increasing proportion of Plan liabilities.
Operational	Fraud or poor advice	Monitor & review investment managers & advisers.
Covenant	Sponsor is unable to provide sufficient funding	Agree employer funding requirements following each formal valuation.

Due to the complex and interrelated nature of the above risks, the Trustees consider these risks in a qualitative, rather than quantitative manner as part of each formal investment strategy review. Some aspects of these risks may be modelled explicitly. In addition, investment risk is considered as part of the actuarial valuation.

In addition, risk is measured in terms of the performance of the assets compared with the liabilities on a regular basis, usually quarterly.

Environmental, Social, and Governance (ESG) Considerations

The Trustees are advised of the ESG ratings of the current investment funds in their quarterly investment monitoring reports.

Compliance with this Statement

The Trustees may monitor compliance with this Statement annually. The Trustees may obtain written confirmation from the investment managers that they have complied with this Statement as supplied to them as far as reasonably practicable and the Trustees undertake to advise the investment managers promptly and in writing of any material change to this Statement.

Published: October 2023

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Review of this Statement

This SIPP may be revised by the Trustees at any time. The Trustees will formally review this SIPP at least every three years. Any necessary changes will be made in consultation with the Sponsor.

Signed on behalf of the Trustees of the BASF Ireland Pension & Life Assurance Scheme

Signed: Alison Wilkins
Alison Wilkins (Oct 3, 2023 10:42 GMT+1)
Alison Wilkins

Date: 03/10/2023

Signed: Joe Lynch
Joe Lynch (Nov 24, 2023 12:29 GMT)
Joe Lynch

Date: 24/11/2023

This Statement of Investment Policy Principles is produced to meet the requirements of the Occupational Pension Schemes (Investment) Regulations, 2006.

Published: **October 2023**

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Appendix A

Manager Details

The Trustees expect the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practical.

The table below documents the investment managers employed by the Trustees, along with details of each investment fund.

Asset Class	Fund	Benchmark	Annual Management Fee (% p.a.)	Target Allocation
Diversified Growth	Multi Asset Portfolio 5 CB Series B	Cash Deposit Rate (ESTR) + 4.5%	0.75%	40%
Government & Corporate Bond	Pension Protection Fund	Composite Benchmark ICE BAML 15+Yr AAA Euro Gov Index ICE BAML 10+ Yr Euro Lg Cap Corp Index	0.40%	60%

Published: **October 2023**

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Investment Guidelines Financially Material Considerations

Due to the size and nature of the Plan's investments, investments are currently on a unitised basis. While the Trustees recognise that they cannot restrict investments in unitised vehicles, they may require all investment managers (except for those with Government Bond mandates) to furnish, on an annual basis, a statement confirming that the investments comply with the following list of principles. If the fund is not compliant with any principle, the investment manager will report on and explain the rationale on an at least annual basis.

- The assets of the Plan must be properly diversified in such a way as to avoid excess reliance on any particular asset, issuer or group of undertakings and so as to avoid accumulations of risk in the portfolio as a whole;
- Assets shall be invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio (where appropriate), having regard to the nature and duration of the expected liabilities
- No further investment in a security where the value (as a proportion of the total value of a fund), exceeds 5%*. Furthermore, the investment manager may be required to report quarterly on any securities that, by virtue of market movements, become more than 5%* of the total value of a fund
  ** excluding government bonds*
- No investment which accounts for more than 5% of the issued capital of any one company
- Investing in unlisted securities (except for other unitised vehicles which is not restricted) is permitted up to a limit of 7.5% of a fund
- Investment in derivative instruments may be made only in so far as they:

  a) contribute to a reduction of risks
  b) facilitate efficient portfolio management, including the reduction of cost or the generation of additional capital or income with an acceptable level of risk

  Any such investment must be made and managed to avoid excessive risk exposure to a single counterparty and to other derivative operations
- Investments should be predominantly on regulated markets
- The Trustees have delegated all day-to-day decisions about the investments that fall within each mandate to the relevant fund manager through a written contract. These duties include:

  a) Realisation of investments
  b) Considering socially responsible factors in so far as they relate to the financial potential of the Plan's assets
  c) Voting and corporate governance in relation to the financial potential of the Plan's assets
- The Trustees may, from time-to-time, ask the manager to report on their approach to these issues.
- The manager will not engage in selling securities short;
- The use of options, futures or contracts for differences is permitted for facilitating increases or decreases in exposure to a market pending the orderly acquisition or disposal of physical securities. The total exposure of such instruments may not exceed 10% of the total value of the portfolio, and they must be traded on and under the rules of a Recognised or Designated Investment Exchange
- Currency hedging is permitted but limited to the value of investments denominated in the foreign currency hedged.

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