



BASF Ireland Limited Defined Benefit Plan

Trustees' Annual Report for the Plan Year ended 31 December
2022

Prepared for The Trustees of the BASF Ireland Limited Defined Benefit Plan

Prepared by Aon

Pensions
Authority
Number PB 1522

Aon Solutions Ireland Limited trading as Aon is regulated by the Central Bank of Ireland.
Registered in Ireland No. 356441
Registered office: Block D | Iveagh Court | Harcourt Road | Dublin 2 | Ireland.
Directors: David Hardern (British), Rachael Ingle, Ken Murphy, Paul Schultz (US), Patrick Wall.
aon.com

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Trustees and Advisors

| | |
|--|---|
| Principal Employer | BASF Ireland Limited |
| Trustees | Myles Cogan Leandro Ortolan Ger Holland Mark Kelly Alison Wilkins (resigned with effect from 1 February 2023) James Blackman (appointed with effect from 1 February 2023) |
| 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 | BNY Mellon Global Funds Plc (BNY), Wexford Business Park, Rochestown, Druagh, Co. Wexford. Irish Life Investment Managers Limited (ILIM), Beresford Court, Beresford Place, Dublin 1. PIMCO Global Advisors (Ireland) Ltd (PIMCO), 3rd Floor, Harcourt Building, 57B Harcourt St, Dublin 2. |
| Actuary | Kieran Manning FSAI Mercer (Ireland) Limited, 23/25 South Terrace, Cork. |
| Key Function Holders | <u>Risk Management Key Function Holder:</u> Seamus O'Shea, Risk Management Consultant, Aon. Email: seamus.oshea@aon.com <u>Internal Audit Key Function Holder:</u> Rav Vithaldas, Director, Ernst Young. Email: rav.vithaldas@ie.ey.com |
| Auditor | KPMG, Chartered Accountants & Registered Auditor, 1 Harbourmaster Place, IFSC, Dublin 1 |
| Pensions Authority | Verschoyle House, 28-30 Lower Mount Street, Dublin 2. |
| Pensions Authority Reference No. | PB 1522 |

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

Alison Wilkins,
BASF plc,
4th & 5th Floors,
2 Stockport Exchange,
Railway Road,
SK1 3GG Stockport,
United Kingdom.
Email: alison.wilkins@basf.com

Trustees' Report

Introduction

The Trustees are pleased to present here with the annual report to members of the BASF Ireland Limited Defined Benefit Plan (“the Plan”) for the year ended 31 December 2022. 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 Plan together with details of financial developments for the year, investment matters and membership movements.

The Plan, 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 has been closed to new entrants since 1 September 2003. In addition, the Plan has ceased to accrue benefits since 31 December 2010.

The Plan 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 Plan 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 Plan and certain lump sum payments to members can be paid free of tax. The Plan has also been registered with the Pensions Authority and its registration number is PB 1522.

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

Changes to the Plan

There have been no changes since the previous Plan 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 Plan 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 Plan 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.

**Trustees and Advisors
(continued)**

No costs or expenses were incurred by the Plan 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 Plan 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 Plan year end, and
- Contributions payable have been paid in accordance with the rules of the Plan 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 Plan, 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 Plan. 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

Pensions in payment may be increased at the discretion of the Trustees with the consent of the Company. No increases in pensions were granted during the year from 1 January 2022 to 31 December 2022.

The statutory revaluation percentage is declared annually by the Minister for Social Protection and is the lesser of 4% per annum or the increase/decrease in the Consumer Price Index over the previous year. The statutory revaluation percentage applied to deferred pensions for the year ended 31 December 2022 was 4% (2021: 2.4%).

There are no pensions or pension increases being paid by or at the request of the Trustees for which the Plan would not have a liability on winding up.

Financial Developments

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

| | € |
|---|--------------------------|
| Opening Value as at 31 December 2021 | 37,308,002 |
| Net Withdrawals from Dealings with Members | (398,047) |
| Investment Returns | <u>(7,165,623)</u> |
| Closing Value as at 31 December 2022 | <u><u>29,744,332</u></u> |

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

Condition of the Plan

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

The Plan 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 Plan will have sufficient funds to pay the benefits promised. It is therefore possible that the benefits payable under the Plan may have to be reduced. If the Plan 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 Plan and disclose these to members. A Statement of Risks adopted by the Trustees is set out on page 39 of this report.

Actuarial Position

Ongoing funding position

The development of the Plan is monitored by the Scheme Actuary by means of an actuarial valuation which is carried out every three years. The most recent valuation was carried out as at 1 January 2021. The next valuation is due at 1 January 2024.

Based on that valuation the Actuary recommended the future contributions to be paid by the employer such that, if the valuation projections reflected the actual experience, the recommended rate would suffice to meet the future benefit payments from the Plan as they fall due.

In line with guidelines set out in the Statement of Recommended Practice-Financial Reports of Pension Schemes (Revised November 2014) ("SORP") a Report on Actuarial Liabilities is also included in the appendices to this report.

Statutory funding position

Section 44 of the Pensions Act, 1990 (the Act) sets out a statutory funding test that the Plan must comply with. It comprises of a basic Funding Standard test which compares the value of the Fund with a prescribed valuation of the Scheme's liabilities and a Funding Standard Reserve test

**Actuarial Position
(continued)**

which considers whether the Scheme has sufficient additional assets (i.e. a risk reserve) to ensure that it would continue to satisfy the Funding Standard if a prescribed adverse economic scenario were to come to pass. If the Plan failed to satisfy either aspect of the statutory test then a Funding Proposal would have to be prepared to address the shortfall.

The Plan satisfied both aspects of the statutory test as at 1 January 2021. An Actuarial Funding Certificate (AFC) and a Funding Standard Reserve Certificate (FSRC) confirming this outcome have been prepared by the Scheme Actuary and submitted to the Pensions Authority. Copies of these certificates are included in the Appendices to this report.

The Act requires a statement from the Plan Actuary concerning the funding standard and the funding reserve positions of the Plan as at the year end. A copy of this statement in which the Actuary confirms that the Plan did meet the statutory tests as at 31 December 2022 is included on page 36 of this report.

**Investment
Management**

The Trustees have delegated responsibility for the investment and day to day administration of the pension Plan's assets to the Investment Managers. Irish Life Investment Managers Limited, PIMCO Global Advisors (Ireland) Ltd and BNY Mellon Global Funds Plc are currently responsible for the management of the Plan's investments and their reports are contained in the Investment Reports as set out on pages 24 to 32 of this report.

The investment managers have their own appointed custodians which have systems of internal control to ensure the safe custody of assets.

The fees payable to the Investment Managers are 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 regular meetings with the Investment Managers to discuss investment policy. The Trustees' Statement of Investment Policy Principles is set out on pages 40 to 49 of this report.

All consulting fees are paid by the Principal Employer. All investment manager fees are borne by the Plan. 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 Plan 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 Plan’s approach to sustainability considerations and its current approach is documented in the Statement of Investment Policy Principles of this report.

Significant Global Events

On 24 February 2022, Russia began a military invasion of Ukraine. In addition to causing intense human suffering, the conflict in Ukraine continues to be a key driver of global markets with commodity markets remaining volatile. The Trustees will continue to monitor the position in conjunction with their investment advisors.

Events Subsequent to the Balance Sheet Date

The impact of the ongoing war in Ukraine has continued post period end. The Trustee continues to monitor the situation.

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

Self Investment

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

Summary of Membership

Membership Movements


The following is a summary of the membership movements in respect of the Plan year ended 31 December 2022.

| | Active Members | Pensioners | Deferred Members |
|--------------------------------|----------------|------------|------------------|
| Membership @ 31/12/2021 | - | 43 | 86 |
| Retirements | - | 2 | (2) |
| Leavers | - | - | (4) |
| Membership @ 31/12/2022 | - | 45 | 80 |

No members were covered for death benefits only at the year-end (2021: Nil).

Signed by and on behalf of the Trustees

Trustee:

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Trustee:

DocuSigned by:

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Date:

Sep 20, 2023

Statement of Trustees' Responsibilities

The financial statements are the responsibility of the Trustees. Irish pension legislation requires the Trustees to make available for each Plan year the annual report of the Plan, 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 Plan year and of the assets and liabilities (other than liabilities to pay benefits in the future) at the end of the Plan 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 Plan financial statements:

- suitable accounting policies are selected and then applied consistently;
- reasonable and prudent judgements and estimates are made;
- they have assessed the Plan’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 Plan 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 Plan 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 Plan year end; and
- contributions payable are paid in accordance with the rules of the Plan and the recommendations of the Actuary.


The Trustees are responsible for making available certain other information about the Plan 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 Plan 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 Plan 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 Plan 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:

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Trustee:

DocuSigned by:

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Date:

Sep 20, 2023

Independent Auditor's Report

Independent auditor's report to the trustees of BASF Ireland Limited Defined Benefit Plan

**Independent auditor's report to the trustees of BASF Ireland Limited Defined Benefit Plan
(continued)**

**Independent auditor's report to the trustees of BASF Ireland Limited Defined Benefit Plan
(continued)**

Fund Account

Fund account for the year ended 31 December 2022

| | Notes | 2022 € | 2021 € |
|---|-------|--------------------------|--------------------------|
| Contributions and Benefits | | | |
| Contributions | 4 | <u>1,243,686</u> | <u>1,220,116</u> |
| | | 1,243,686 | 1,220,116 |
| Benefits payable | 5 | (743,651) | (634,506) |
| Payments to and on account of leavers | 6 | (897,482) | (346,134) |
| Other expenditure – fees | | (600) | (800) |
| | | <u>(1,641,733)</u> | <u>(981,440)</u> |
| Net (withdrawals)/additions from dealings with members | | (398,047) | 238,676 |
| Returns on Investments | | | |
| Investment Income | 7 | 4,259 | 4,664 |
| Change in Market Value of Investments | 8 | <u>(7,169,882)</u> | <u>824,069</u> |
| Net returns on investments | | (7,165,623) | 828,733 |
| Net (decrease)/increase in the Fund | | (7,563,670) | 1,067,409 |
| Net Assets as at 1 January | | <u>37,308,002</u> | <u>36,240,593</u> |
| Net Assets as at 31 December | | <u><u>29,744,332</u></u> | <u><u>37,308,002</u></u> |

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

Signed by and on behalf of the Trustees

Trustee:

DocuSigned by:
James Blackman
1BCEC8A1BE8F4BA...

Trustee:

DocuSigned by:
Leandro Artolan
83840B4B0AEE4AC...

Date:

Sep 20, 2023

Statement of Net Assets (Available for Benefits)


Statement of Net Assets as at 31 December 2022


| | Notes | 2022 € | 2021 € |
|-------------------------------------|-------|-------------------|-------------------|
| Investments | | | |
| Pooled Investment Vehicles | 8 | 27,865,351 | 35,047,583 |
| Pooled Investment Vehicles AVCs | 8 | 1,798,430 | 2,173,149 |
| Total Investments | | 29,663,781 | 37,220,732 |
| Current Assets | 9 | 80,551 | 87,270 |
| Net Assets as at 31 December | | 29,744,332 | 37,308,002 |

Note: The financial statements summarise the transactions of the Plan 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 Plan, 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:  1BCEC8A1BE8F4BA...

Trustee:  83640B4B0AEE4AC...

Date: Sep 20, 2023

Notes to the Financial Statements

1. The Fund

The Plan was established as a defined benefit plan commencing on 1 August 1976 under a Definitive Trust Deed dated 1 July 1976. The Plan is established as a trust under Irish law and has been registered with the Pensions Authority. The address for enquiries to the Plan is included in the Trustees Report.

The Plan 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.

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 Plan. 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 2021.

3. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Plan'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 Plan 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 Plan and included in the Statement of Net Assets.

Transfers to and from other plans

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.

3. Accounting policies (continued)

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 Plan 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 Plan, 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:

- 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

3. Accounting policies (continued)

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

| | 2022 | 2021 |
|-----------------|------------------|------------------|
| | € | € |
| Deficit Funding | 1,243,686 | 1,220,116 |
| Total | 1,243,686 | 1,220,116 |

Deficit funding contributions are being paid by the Employer into the Plan in accordance with the Actuarial Valuation dated 1 January 2021 and the Funding proposal dated 1 January 2013, in order to improve the Plan's funding position. The amounts to be paid are €1,219,300 in 2021 increasing annually by 2% in each subsequent year until 31 December 2023.

5. Benefits payable

| | 2022 | 2021 |
|-----------------------------|----------------|----------------|
| | € | € |
| Pension payments | 633,943 | 609,740 |
| Retirement lump sums | 39,947 | 24,766 |
| Purchase of ARF's/Annuities | 69,761 | - |
| Total | 743,651 | 634,506 |

6. Payments to and on account of leavers

| | 2022 | 2021 |
|---------------|----------------|----------------|
| | € | € |
| Transfers out | 897,482 | 346,134 |
| Total | 897,482 | 346,134 |

7. Investment income

| | 2022 | 2021 |
|------------------------|--------------|--------------|
| | € | € |
| Investment fee rebates | 4,259 | 4,664 |
| Total | 4,259 | 4,664 |

8. Investments

a. Summary of movements in investments during the year

| | Value at 31-12-21 | Purchases at cost | Sales proceeds | Change in market value | Value at 31-12-22 |
|---------------------------------|----------------------|----------------------|--------------------|------------------------------|----------------------|
| | € | € | € | € | € |
| Pooled Investment Vehicles | 35,047,583 | 632,208 | (790,978) | (7,023,462) | 27,865,351 |
| Pooled Investment Vehicles AVCs | 2,173,149 | - | (228,299) | (146,420) | 1,798,430 |
| Totals | 37,220,732 | 632,208 | (1,019,277) | (7,169,882) | 29,663,781 |

All investments are held in unitised funds which are registered in the Republic of Ireland.

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 Plan 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 Plan.

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 Plan.

8. Investments (continued)**b. Summary of investment as a % of net assets**

| | 2022 | % Net Assets | 2021 | % Net Assets |
|--|--------------------------|-------------------------|--------------------------|-------------------------|
| | € | | € | |
| Irish Life Investment Managers Limited | | | | |
| Irish Property Fund | 836,636 | 2.81% | 837,598 | 2.25% |
| Indexed Eurozone AAA/AA>10 Yr Bond | 10,617,595 | 35.70% | 15,877,687 | 42.56% |
| Forestry Fund | 48,177 | 0.16% | 44,267 | 0.12% |
| Indexed World Equity Hedged Fund | 2,648,026 | 8.90% | 3,224,361 | 8.65% |
| Indexed Fundamental Equity Fund | 1,523,502 | 5.12% | 1,537,883 | 4.12% |
| Minimum Volatility Equity Fund | 1,380,547 | 4.64% | 1,447,891 | 3.88% |
| | <u>17,054,483</u> | | <u>22,969,687</u> | |
| PIMCO Global Advisors (Ireland) Ltd | | | | |
| Dynamic Bond Fund | 4,626,861 | 15.56% | 5,133,681 | 13.76% |
| BNY Mellon Global Funds Plc | | | | |
| Global Real Return Fund | 6,184,007 | 20.79% | 6,944,215 | 18.61% |
| | <u>27,865,351</u> | | <u>35,047,583</u> | |
| Irish Life Investment Managers Limited AVCs | | | | |
| EMPOWER Stability Fund | 13,022 | 0.04% | 28,227 | 0.08% |
| EMPOWER Growth Fund | 49,833 | 0.17% | 66,141 | 0.18% |
| Exempt Irish Property Fund | 7,973 | 0.03% | 8,010 | 0.02% |
| Indexed Global Equity Fund Series Fund | 34,204 | 0.11% | 32,602 | 0.09% |
| Pension Stability Fund | 14,384 | 0.05% | 107,700 | 0.29% |
| Secured Performance Fund Net | 235,146 | 0.79% | 246,490 | 0.66% |
| Capital Protection Fund SX | 374,631 | 1.26% | 410,757 | 1.10% |
| Exempt Active Managed Fund | 84,193 | 0.28% | 287,389 | 0.77% |
| Standard Life Glob. Absolute Return Fund | 265,943 | 0.89% | 29,390 | 0.08% |
| Consensus Fund | 637,706 | 2.14% | 866,436 | 2.32% |
| Flexible Fund | 81,396 | 0.27% | 90,007 | 0.24% |
| AVC Assets | <u>1,798,430</u> | | <u>2,173,149</u> | |
| | <u>29,663,781</u> | | <u>37,220,732</u> | |

c. Pooled Investment Values by type

| | 2022 | 2021 |
|-----------------------------------|--------------------------|--------------------------|
| | € | € |
| Pooled investment vehicles | | |
| Multi-Asset Funds | 7,940,260 | 9,076,752 |
| Equity Funds | 5,586,279 | 6,242,737 |
| Fixed Interest Funds | 15,244,456 | 21,011,368 |
| Property/Forestry Funds | 892,786 | 889,875 |
| | <u>29,663,781</u> | <u>37,220,732</u> |

8. Investments (continued)

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 Plan's net assets as at 31 December 2022. (2021: Nil).

e. Investment Fair Value Hierarchy

The fair values of the Plan'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 2022 | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|---------|-------------------|----------------|-------------------|
| | € | € | € | € |
| Pooled investment vehicles | - | 26,980,538 | 884,813 | 27,865,351 |
| Pooled investment vehicles AVCs | - | 1,790,457 | 7,973 | 1,798,430 |
| | - | 28,770,995 | 892,786 | 29,663,781 |
| <hr/> | | | | |
| At 31 December 2021 | Level 1 | Level 2 | Level 3 | Total |
| | € | € | € | € |
| Pooled investment vehicles | - | 34,165,718 | 881,865 | 35,047,583 |
| Pooled investment vehicles AVCs | - | 2,165,139 | 8,010 | 2,173,149 |
| | - | 36,330,857 | 889,875 | 37,220,732 |

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.

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

Risk Measurement and Management (continued)

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 Plan has exposure to the 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 Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan'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 Plan 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 Plan payable under the trust deed and rules as they fall due.

The Trustees set the investment strategy for the Plan taking into account considerations such as the strength of the employer covenant, the long term liabilities of the Plan and the funding agreed with the Employer. The investment strategy is set out in the Plan'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 Plan is subject to direct credit risk in relation to Irish Life Investment Managers Limited, BNY Mellon Global Funds Plc and PIMCO Global Advisors (Ireland) Ltd as the Plan's investments are held by way of policies of assurance or investment funds managed by these investment managers. The investment managers are regulated by the Central Bank.

The Plan 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 managers are 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 Plan comprise unit linked insurance contracts (Irish Life Investment Managers Limited) and open-ended investment funds (PIMCO Global Advisors (Ireland) Ltd and BNY Mellon Global Funds Plc).

**Investment Strategy
(continued)****Currency Risk**

The Plan is subject to indirect currency risk as some of the underlying investments of the Plan's pooled investment vehicles are held in overseas markets. This risk applies to all of the funds apart from the Irish Property Fund, the Forestry Fund and the Indexed Eurozone AAA/AA >10 Yr Bond Fund. Currency risk is managed through investment fund diversification by the investment managers within the funds.

Interest Rate Risk

The Plan is subject to indirect interest rate risk primarily in the Bond Funds and also in the Multi Asset Funds.

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 Plan's pooled investment funds are exposed to indirect other price risk. The Plan's investment managers manage 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.

9. Current Assets

| | 2022 | 2021 |
|----------------------|---------------|---------------|
| | € | € |
| Trustee Bank Account | 27,388 | 35,843 |
| Pensions Prepaid | 53,163 | 51,427 |
| Total | 80,551 | 87,270 |

**10. Related Party
Transactions****The Trustees**

The Trustees of the Plan 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 Plan in connection with the management of the Plan during the year. Myles Cogan and Ger Holland are deferred members of the Plan.

The Principal Employer

BASF Ireland Limited is the Principal Employer. Employer contributions to the Plan 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 Plan. Fees in respect of such services were paid by the Principal Employer. The administrator operates a trustee bank account on behalf of the Plan. Cash held on behalf of the Plan at 31 December 2022 was €27,388 (2021: €35,843).

The Investment Managers

Irish Life Investment Managers Limited, PIMCO Global Advisors (Ireland) Ltd, and BNY Mellon Global Funds Plc are the investment managers. 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 Plan.

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 2022 (2021: Nil).

**13. Events Subsequent
to the Year End
Date**

The impact of the ongoing war in Ukraine has continued post period end. The Trustees continue to monitor the situation.

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

Investment Manager Reports



Investment Manager's Report

BASF IRELAND LTD STAFF PLAN 22203-01

Investment Report for Year Ended 31 December 2022

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 are down over the last twelve months, falling -15.6% in local currency terms although are down less in Euro terms, -12.6%, as the weaker euro boosted returns for euro based investors. Equities have fallen on concerns over tighter central bank policies, higher bond yields, slower growth and uncertainty over the potential fallout on growth and inflation following the invasion of Ukraine by Russia.

Eurozone bonds fell as yields rose through the year with the Eurozone 5yr+ sovereign bond benchmark down -24.4%. Bond yields rose given increasing concerns around inflation which resulted in an expectation of reduced policy accommodation from the ECB and other central banks. There has been a dramatic shift in monetary policy over the last year, from a low interest rate environment to one where official interest rates are rising and are expected to rise further.

Irish commercial property is slightly higher over the last twelve months, with the property fund rising 0.3%. Despite the disruption and uncertainty posed by the Covid-19 pandemic, inward investment into Irish property remained relatively high during the last year. Rental values in the modern office space have held up well despite the pandemic, while the industrial/logistics sector has experienced strong growth over the last twelve months.

Commodities rose 26.0% over the last twelve months and are up 34.2% in Euro terms due to tight supplies. Concerns over possible supply disruptions and sanctions following Russia's invasion of Ukraine have helped push commodity prices higher.

SCHEME SUMMARY INFORMATION

| Fund Code | Fund Name | Opening Value | Contributions / Withdrawals | Gain / Loss | Closing Value |
|--------------|----------------------------------|-----------------------|-----------------------------|-----------------|-----------------------|
| PFR | Forestry Fund | €44,266.88 | - | €3,909.98 | €48,176.86 |
| AA3 | Indexed Eurozone AAA/AA>10 Yr | €15,877,687.02 | €(163,029.24) | €(5,097,062.38) | €10,617,595.40 |
| RA20 | Indexed Fundamental Equity Fund | €1,537,882.73 | - | €(14,381.13) | €1,523,501.60 |
| IHV | Indexed World Equity Hedged Fund | €3,224,361.17 | - | €(576,335.09) | €2,648,026.08 |
| PPI | Irish Property Fund | €837,598.05 | - | €(962.02) | €836,636.03 |
| IMV2 | Minimum Volatility Equity Fund | €1,447,890.67 | - | €(67,343.75) | €1,380,546.92 |
| Total | | €22,969,686.52 | | | €17,054,482.89 |

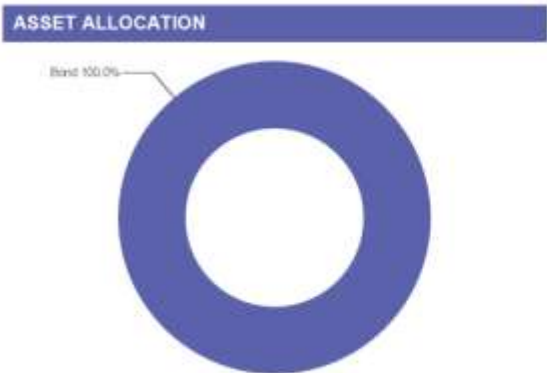
| Fund Code | Fund Name | Opening Units | Price | Opening Value | Closing Units | Price | Closing Value |
|--------------|--------------------------------|---------------|----------|-----------------------|---------------|----------|-----------------------|
| PFR | Forestry Fund | 3,856 | €11.480 | €44,266.88 | 3,856 | €12.494 | €48,176.86 |
| AA3 | Indexed Eurozone AAA/AA>10 | 8,369,893 | €1.897 | €15,877,687.02 | 8,288,521 | €1.281 | €10,617,595.40 |
| RA20 | Indexed Fundamental Equity | 898,821 | €1.711 | €1,537,882.73 | 898,821 | €1.695 | €1,523,501.60 |
| IHV | Indexed World Equity Hedged | 1,730,736 | €1.863 | €3,224,361.17 | 1,730,736 | €1.530 | €2,648,026.08 |
| PPI | Irish Property Fund | 7,575 | €110.574 | €837,598.05 | 7,575 | €110.447 | €836,636.03 |
| IMV2 | Minimum Volatility Equity Fund | 886,102 | €1.634 | €1,447,890.67 | 886,102 | €1.558 | €1,380,546.92 |
| Total | | | | €22,969,686.52 | | | €17,054,482.89 |

PERFORMANCE AS AT 31 DECEMBER 2022

| Fund Name | QTD | YTD | 1 Year | 3 Years p.a. | 5 Years p.a. | 10 Years p.a. | Since Launch p.a. |
|--------------------------------------|-------|--------|--------|--------------|--------------|---------------|-------------------|
| Forestry Fund | 1.6% | 8.8% | 8.8% | 7.5% | 7.1% | 6.2% | 5.9% |
| Indexed Eurozone AAA/AA>10 Yr Bond | -3.5% | -32.5% | -32.5% | -11.8% | -4.5% | 0.4% | 2.1% |
| Indexed Fundamental Equity Fund | 5.3% | -0.9% | -0.9% | 8.1% | 8.0% | - | 9.0% |
| Indexed World Equity Hedged Fund S19 | 6.8% | -17.9% | -17.9% | 3.9% | 4.7% | - | 5.6% |
| Irish Property Fund | -2.3% | -0.1% | -0.1% | -1.3% | 1.1% | 9.0% | 7.3% |
| Minimum Volatility Equity Fund | 1.5% | -4.7% | -4.7% | 3.5% | 7.1% | - | 7.0% |

INDEXED EUROZONE AAA/AA>10 YR BOND

The Passive >10yr AAA/AA Euro Gov Bond Fund is a passively managed fixed interest fund. Its objective is to perform in line with the ICE BofAML AAA/AA >10 Year EMU Government Bond Index. The fund invests in a portfolio of Eurozone government bonds issued by countries rated AAA or AA and holds these bonds in the weights dictated by the ICE BofAML AAA/AA >10 Year EMU Government Bond Index.



| ASSET ALLOCATION | |
|------------------|--------|
| BOND | 100.0% |
| Government Bonds | 100.0% |

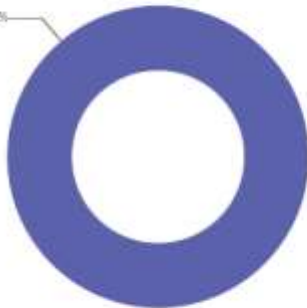
| PERFORMANCE AS AT 31/12/2022 | | | | | | | |
|------------------------------|---------|---------|---------|-------------|-------------|--------------|-------------------|
| | 1 Month | 3 Month | 1 Year | 3 Year p.a. | 5 Year p.a. | 10 Year p.a. | Since Launch p.a. |
| Fund | -9.02% | -3.47% | -32.47% | -11.84% | -4.51% | 0.44% | 2.14% |
| Benchmark | -0.00% | -3.45% | -32.38% | -11.73% | -4.39% | 0.60% | 2.30% |

INDEXED WORLD EQUITY HEDGED FUND S19

The Indexed Euro Hedged Global Equity Fund is managed on a passive basis against its benchmark Index. The fund tracks the market return by investing in a basket of securities in the same proportion as they are represented in the market index with all underlying currency exposures hedged back to Euro.

ASSET ALLOCATION

Shares 100.0%



ASSET ALLOCATION

| SHARES | 100.0% |
|---------------|--------|
| Global Shares | 100.0% |

PERFORMANCE AS AT 31/12/2022

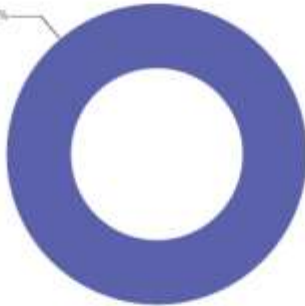
| | 1 Month | 3 Month | 1 Year | 3 Year p.a. | 5 Year p.a. | Since Launch p.a. |
|-----------|---------|---------|---------|-------------|-------------|-------------------|
| Fund | -5.20% | 6.77% | -17.87% | 3.90% | 4.66% | 5.59% |
| Benchmark | -5.21% | 6.81% | -17.87% | 4.22% | 5.08% | 6.02% |

INDEXED FUNDAMENTAL EQUITY FUND

The Irish Life Indexed Fundamental Equity Fund is designed to match the performance of its mandate benchmark. Within this the constituents of the parent benchmark Index are used. The universes of companies are then ranked by the following four fundamental measures of company size: book value, cash flow, sales, and dividends. Subsequently, the percentage weight that each company represents to the total value of each fundamental measure is calculated.

ASSET ALLOCATION

Shares 100.0%



ASSET ALLOCATION

| SHARES | 100.0% |
|--------------------|--------|
| Fundamental Shares | 100.0% |

PERFORMANCE AS AT 31/12/2022

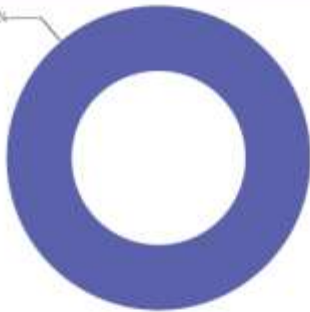
| | 1 Month | 3 Month | 1 Year | 3 Year p.a. | 5 Year p.a. | Since Launch p.a. |
|-----------|---------|---------|--------|-------------|-------------|-------------------|
| Fund | -6.04% | 5.28% | -0.94% | 8.11% | 7.97% | 8.98% |
| Benchmark | -6.05% | 5.27% | -0.99% | 8.25% | 8.30% | 9.38% |

MINIMUM VOLATILITY EQUITY FUND

The Indexed Minimum Volatility Equity Fund is an indexed fund investing in world equities that are selected on the basis of trying to have lower risk than traditional equities. Its objective is to track the performance of MSCI Minimum Volatility Index by investing in a basket of equities in the same proportion as they are represented in the MSCI Minimum Volatility Index. The Index selects an optimised portfolio of equities from the MSCI World Index based on a range of factors that is trying to achieve lower volatility than traditional global equities.

ASSET ALLOCATION

Shares 100.0%



ASSET ALLOCATION

| SHARES | 100.0% |
|---------------------------|--------|
| Minimum Volatility Shares | 100.0% |

PERFORMANCE AS AT 31/12/2022

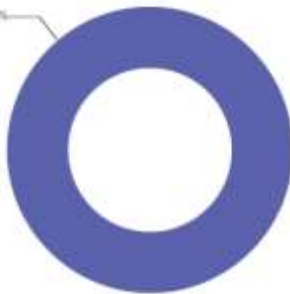
| | 1 Month | 3 Month | 1 Year | 3 Year p.a. | 5 Year p.a. | Since Launch p.a. |
|-----------|---------|---------|--------|-------------|-------------|-------------------|
| Fund | -5.06% | 1.50% | -4.65% | 3.50% | 7.13% | 7.02% |
| Benchmark | -5.10% | 1.42% | -4.74% | 3.37% | 7.00% | 6.90% |

IRISH PROPERTY FUND

The Irish Property Fund is an actively managed fund, which aims to give members access to Irish commercial property. The fund does not invest in residential property. We actively manage our portfolio of approximately 50 prime commercial properties to generate a blend of rental income and capital growth.

ASSET ALLOCATION

Property 100.0%



ASSET ALLOCATION

| | |
|----------|--------|
| PROPERTY | 100.0% |
| Ireland | 100.0% |

PERFORMANCE AS AT 31/12/2022

| | 1 Month | 3 Month | 1 Year | 3 Year p.a. | 5 Year p.a. | 10 Year p.a. | Since Launch p.a. |
|------|---------|---------|--------|-------------|-------------|--------------|-------------------|
| Fund | -1.11% | -2.32% | -0.12% | -1.25% | 1.12% | 8.96% | 7.32% |



BNY Mellon Global Funds Plc

c/o Transfer Agency, BNY Mellon,
Wexford Business Park, Rochestown, Drinagh, Wexford, Ireland.
Tel: +353 1 448 5036 Fax: +353 1 448 5070
Email: investorservices@bnymellon.com

ADP151733418

c/o Aon Hewitt
Building 5200
Cork Airport Business Park
Cork
Ireland

Your statement as at 31st December 2022

Account number: 05000857
Account holder(s): BASF Ireland Limited Defined Pension Plan

Valuation of Share Holdings

Your valuation as at 31/12/2022: EUR 6,184,007.07

| Fund / ISIN | Number of shares | Price | Value in fund currency | Exchange rate | Value in reporting currency (EUR) |
|---|------------------|------------|------------------------|---------------|-----------------------------------|
| BNY Mellon Global Real Return Fund (Eur) EUR W / IE00B70B9H10 | 4,610,114.115 | EUR 1.3414 | 6,184,007.07 | 1.00000 | 6,184,007.07 |

EUR Total 6,184,007.07

P I M C O Client Statement Summary

December 31, 2022 - December 31, 2022

| Fund Name | Class Currency | Shares | NAV Per Share | Class Currency Value | FX Rate | Valuation in Client Currency |
|-------------------|----------------|-------------|---------------|----------------------|------------|------------------------------|
| Dynamic Bond Fund | | | | | | |
| InsEUR-H Acc | EUR | 390,452.443 | 11.85 | 4,626,861.45 | 1.00000000 | 4,626,861.45 |
| TOTAL | | | | | | EUR 4,626,861.45 |

The information contained in this report is confidential and intended only for the use of the individual or entity named above. If the reader of this report is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of this report is strictly prohibited. Should you have received this report by error, please notify us immediately by telephone and return the original report to us at the address below via the Postal Service. Personal data included in money transfers is processed by your bank and other specialized companies, such as SWIFT (Society for Worldwide Interbank Financial Telecommunication). Such processing may be operated through centers located in European countries, the U.S. and other countries according to their local legislation. As a result, U.S. and other authorities can request access to personal data held in such operating centers for the purposes of fighting terrorism or for other purposes. Moreover, information you provide to your bank for the purpose of facilitating a money transfer may be accessible and processed by other banks, including in the U.S. and other countries, which receive and remit funds to effectuate the transfer. Any client, instructing his or her bank to execute a payment order or any other operation, is giving consent that all data elements necessary for the correct completion of the transaction may be processed outside of the European Economic Area (EEA).

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 Defined Benefit Plan

SCHEME COMMENCEMENT DATE: 01/08/1976

SCHEME REFERENCE NO.: PB1522

EFFECTIVE DATE: 01/01/2021

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 01/01/2018

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 €36,153,000.00, 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 €30,072,000.00, 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:

Date:

14/05/2021

Name:

Mr. Kieran Manning

Qualification:

FSAI

Name of Actuary's Employer/Firm

Mercer (Ireland) Limited

Scheme Actuary Certificate No.

P060

Submission Details

Submission Number: SR2614109

Submitted Electronically on: 14/05/2021

Submitted by: Kieran Manning

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 Defined Benefit Plan

SCHEME COMMENCEMENT DATE: 01/08/1976

SCHEME REFERENCE NO.: PB1522

EFFECTIVE DATE: 01/01/2021

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 01/01/2018

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 €28,095,000.00,

(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 €34,175,000.00,

(3) €16,011,000.00, 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 €1,208,000.00,

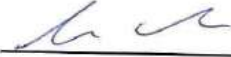
(5) the amount provided for in section 44(2)(b) of the Act, being the amount by which the funding standard liabilities of the scheme would increase if the interest rate or interest rates assumed for the purposes of determining the funding standard liabilities were one half of one per cent less than the 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 -€60,000.00,

(6) the aggregate of (4) and (5) above amounts to €1,148,000.00, and

(7) the additional resources (as defined in the Act) of the scheme amount to €6,081,000.00, 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:** 14/05/2021
Name: Mr. Kieran Manning **Qualification:** FSAI
Name of Actuary's Employer/Firm: Mercer (Ireland) Limited **Scheme Actuary Certificate No.:** P060

Submission Details

Submission Number: SR2614463 **Submitted Electronically on:** 14/05/2021
Submitted by: Kieran Manning

Actuary Statement



welcome to brighter

BASF Ireland Limited Defined Benefit Plan Year ended 31 December 2022

Pensions Authority reference number PB 1522

Actuary's Statement

The last Actuarial Funding Certificate was prepared with an effective date of 1 January 2021. This certificate confirmed that the Plan satisfied the Funding Standard set out in Section 44 of the Pensions Act, 1990 at that effective date. The last Funding Standard Reserve Certificate, prepared on the same effective date, confirmed that the Plan held sufficient additional assets to satisfy the Funding Standard Reserve also set out in Section 44 of the Pensions Act, 1990 at that effective date.

I have completed a review of the financial condition of the Plan as at 31 December 2022. Based on that review, I am reasonably satisfied that the Plan continued to meet the Funding Standard and the Funding Standard Reserve at that effective date.

A handwritten signature in blue ink, appearing to read "Kieran Manning", is written over a horizontal line.

Kieran Manning
P 060
Fellow of the Society of Actuaries in Ireland
Date: 28 February 2023

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Directors: Brian Caulfield, John Mercer, Mary O'Malley, Patrick Healy and Cara Ryan.

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Report on Actuarial Liabilities



welcome to brighter

The BASF Ireland Limited Defined Benefit Plan ("the Scheme") – PB 1522

Report on Actuarial Liabilities

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 2021. 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 | 34,176 |
| Value of Accrued Liability | 38,436 |
| Surplus / (Deficit) | (4,260) |
| Funding Level | 88.9% |

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 actuarial funding report):

| Financial assumptions | |
|-----------------------|-------------------------|
| Discount Rate | |
| Current Pensioners | Estimated buy-out costs |
| Pre-retirement | 3.00% * |

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Report on Actuarial Liabilities

| | | |
|--|----------------------|--------|
| Post retirement | 0.50% | |
| * Blending to Post Retirement rate in last 10 years | | |
| <i>Benefit Increases</i> | | |
| Price inflation | 1.25% | |
| Pension increases | Nil | |
| Demographic assumptions | | |
| Post retirement mortality table | ILT15_42M/ ILT15_50F | |
| Future life expectancies | Male | Female |
| Current retiree aged 65 | 24.3 | 26.0 |
| Future retiree at age 65, currently aged 55 | 25.2 | 26.9 |
| A complete description of all other demographic assumptions can be found in the formal actuarial funding valuation report. | | |

The next valuation is due to be completed with an effective date not later than 1 January 2024.

¹It 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 Plan. In order to provide for these future benefit payments, the Trustees invest the assets of the Plan 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 Plan to meet the balance of the cost of benefits. The Trustees are required to provide a statement of the risks associated with the Plan to Plan 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 the Statement of Investment Policy Principles as set out on pages 40 to 49 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 Plan 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 Plan | In this event, the Trustees are required to wind up the Plan 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 Plan 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 Plan members may not be correct.

| | |
|---|--|
| The Plan 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. |

Statement of Investment Policy Principles

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BASF Ireland Limited Defined Benefit Plan

Statement of Investment Policy Principles

Prepared for The Trustees

Prepared by Aon

Date April 2020

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BASF Ireland Limited Defined Benefit Plan

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Statement of Investment Policy Principles

| | |
|--|--|
| Background | <p>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, 1990.</p> <p>This statement has been agreed by the Trustees of The BASF Ireland Limited Defined Benefit Plan (the Plan).</p> |
| Plan Structure | <p>BASF Ireland Limited Defined Benefit Plan (the Plan) is a Defined Benefit (DB) arrangement. The Plan was established to provide benefits for members and their dependants on retirement, death or ill-health.</p> <p>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 and operation of the Plan is undertaken by Aon.</p> <p>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. Aon also provides investment support services as required and supports the work of the Trustees. The Trustees have taken expert advice from their consultants, Aon, in preparing this document and setting out their Investment Principles and Objectives.</p> |
| General Principles and Objectives | <p>The responsibility for setting investment policy lies with the Trustees.</p> <p>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 valuation by the Plan Actuary.</p> |

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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 current investment strategy was reviewed in 2019, and the Trustees set a **strategic asset allocation strategy** following the review, which is set out in the table below:

| Asset Class | Target Benchmark (September 2019) (%) |
|--|--|
| Euro Hedged World Equity | 8.3 |
| Minimum Volatility Equity | 4.1 |
| Fundamental Equity | 4.1 |
| Absolute Return | 19.2 |
| Property | 2.8 |
| Euro Government Fixed Interest AAA/AA > 10 Year Bonds | 45.0 |
| Unconstrained Bonds | 16.5 |

A transition to the benchmark, as set out in the table above, was implemented in June 2019. Also arising out of the review, it was agreed that the 16.5% strategic allocation to Indexed Global Equities would be split between Euro Hedged World Equity (8.3%), Minimum Volatility Equity (4.1%), and Fundamental Equity (4.1%). It was also agreed that the holdings with Aberdeen Standard Investments GARS would be divested, with the proceeds to be reinvested in the BNY Mellon Global Real Return Fund.

Actual asset allocations vary from the above from time to time, reflecting market movements and related factors. The Trustees monitor the asset allocation and makes appropriate adjustments, taking account of the target long-term allocations.

The planned asset allocation strategy was determined with regard to the actuarial characteristics of the Plan, in particular the strength of the funding position and the liability profile. 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

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Risk Measurement & Management

The Trustees have considered the following risks when setting the investment strategy:

1. **Market Risk:** The risk that the return from the assets held is not in-line with the changes in liabilities. *This has been addressed by carrying out an investment strategy review to determine the appropriate asset mix relative to the liabilities, and by holding a diversified portfolio of assets.*
2. **Longevity Risk:** The risk that trends of improvement in mortality lead to higher than expected pension costs. *This risk is addressed as part of the regular actuarial valuation, where improvements in mortality is considered in determining the liabilities of the Plan and the required contribution rate.*
3. **Manager Risk:** The risk that the chosen investment manager does not meet its investment objectives, or deviates from its intended risk profile. An associated risk is Active risk, where the Plan is exposed to the actions or decisions of one manager. *This risk has been addressed by investing the assets of the Plan with more than one manager, thus diversifying the exposure of the Plan assets to the active management skill of one manager. This risk has also been addressed by investing the equity and government bond assets of the Plan on a passive basis.*
4. **Interest Rate Risk:** The risk that changes in interest rates results in a change in the liabilities that is not reflected in the change in assets. *This risk has been addressed by investing in an appropriate proportion of bonds, with due consideration to the liability characteristics of the Plan.*
5. **Cashflow Risk:** The risk that the cashflow needs of the Plan requires a disinvestment of assets at an inopportune time. *This risk has been addressed by holding a high proportion of the Plan assets in liquid assets. This risk will need to be considered in more detail as the Plan matures.*
6. **Inflation Risk:** The risk that the inflation linked liabilities of deferred members grows at a faster rate than the assets held. *This risk is addressed by investing in an appropriate proportion of assets with returns that is expected to exceed inflation.*
7. **Operational Risk:** The risk of fraud or poor advice. *This is addressed by regular monitoring and review of investment managers and advisers.*
8. **Covenant Risk:** The risk that the sponsor is unable to provide sufficient funding when required. *This risk is addressed as part of the investment objectives, where due regard is paid to the interests of BASF Ireland Limited in relation to the ability to continue paying employer contributions.*

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 (normally

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triennially). Some aspects of these risks may be modelled explicitly. In addition, investment risk is considered as part of the actuarial valuation.

Implementation

The Trustees have employed multiple investment managers to implement the agreed investment strategy set out on page 2. The managers, their investment objectives and the target proportions of the total fund that each will manage is set out in Appendix A.

Governance

The Trustees of the Plan 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 Fund Managers
- Decide on the structure for implementing investment strategy
- Make ongoing decisions relevant to the operational principles of the Plan's investment strategy
- Monitor Investment Advisors and Fund Managers
- Continue to ensure that the Trustees have sufficient training to enable them to make 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
- Monitors Investment Managers and Investment Risk as requested
- Provides required training as requested

Fund Managers

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

Review of Investment Managers

The Trustees will periodically review each investment manager and will formally 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

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- Investment Process
- Risk Management
- Systems
- Performance
- Client Service and Fees

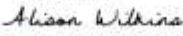
The current investment managers, mandates and benchmarks for each manager is listed in Appendix A.

Review of this Statement

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

Signed on behalf of the Trustees

Signed on behalf of the Trustees of the BASF Ireland Limited Defined Benefit Plan

DocuSigned by:

 003EC79ED8A944AA

23rd April 2020

(Name)

Date

(Name)

Date

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

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Appendix A — Manager Details and Investment Guidelines

| Asset Class | Fund | Benchmark | Objective | Target Proportion |
|---|---|--|---|-------------------|
| Global Euro Hedged Equity | ILIM Indexed World Equity Hedged Fund | FTSE World Index (Euro Hedged) | To perform in line with the benchmark | 8.3% |
| Global Fundamental Equity | ILIM Indexed Fundamental Equity Fund | FTSE RAFI Developed 1000 Index | To perform in line with the benchmark | 4.1% |
| Global Minimum Volatility Equity | ILIM Minimum Volatility Equity Fund | MSCI Minimum Volatility Index | To perform in line with the benchmark | 4.1% |
| Absolute Return | BNY Mellon Newton Global Real Return Fund | 1m Euribor +4% p.a. gross of fees | To outperform the benchmark over rolling 3 year periods | 19.2% |
| Property | ILIM Irish Property Fund | Average Irish Property Fund | To outperform the benchmark | 2.8% |
| Eurozone Fixed Interest AAA/AA Government Bonds | ILIM AAA/AA Eurozone > 10 Year Bond Fund | Merrill Lynch EMU Government Bond > 10 Year AAA/AA Index | To perform in line with the benchmark | 45% |
| Unconstrained Bond Fund | PIMCO Unconstrained Bond Fund | 1m Euribor Index | To outperform the benchmark | 16.5% |

Manager Contracts

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.

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Investment Guidelines 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, the Trustees may require all investment managers (with the exception of investment managers with Government Bond mandates) to furnish, on an annual basis, a statement confirming that the investments comply with the following list of principles. In the event that the fund is not compliant with any particular principle, the investment manager will report on and explain the rationale on an at least annual basis.

1. Investment portfolios will be well diversified;
2. The assets shall be invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio as a whole so far as is appropriate having regard to the nature and duration of the expected liabilities of the Plan;
3. There will be no further investment in a security where the value of the security 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)
4. There will be no investment which accounts for more than 5% of the issued capital of any one company;
5. Subject to point (3) above, investing in un-listed securities (with the exception of other unitised vehicles which is not restricted) is permitted up to a limit of 7.5% of a fund;
6. Investment in derivative instruments may be made only in so far as they (a) contribute to a reduction of risks; or (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 so as to avoid excessive risk exposure to a single counterparty and to other derivative operations;
7. Investments should be predominantly on regulated markets;
8. 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) Taking into account 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

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The Trustees may, from time to time, ask the manager to report on their approach to these issues.
