



Lubrizol Retirement and Death Benefits Plan (“the Plan”)

Annual Funding Statement at
31 December 2025

As the Trustees of the Lubrizol Retirement and Death Benefits Plan ('the Plan'), we are responsible for looking after the Plan. We are required by law to regularly send you an 'Annual Funding Statement' which describes the level of funding that supports your pension. You may remember receiving similar statements previously.



What is the purpose of this statement

The purpose of this statement is to summarise the results of both the Actuarial Valuation as at 31 December 2024 and the Annual Funding Update as at 31 December 2025. This will include a summary commentary of how the funding position has changed since we last sent you an Annual Funding Statement.

Until 31 December 2021, active members built up benefits in the Plan that were linked to their salary. The Plan closed to future accrual with effect from 1 January 2022, when all active members became deferred members. The Plan also holds benefits earned by deferred members who have left the Company but not yet retired and pays benefits to pensioner members. The estimated cost of providing benefits to all members is known as the Plan's 'liabilities'.

The Plan's investments are held in one fund under Trust rather than in separate funds for each individual. The current market value of the investments at any time is known as the Plan's 'assets'.

To check the Plan's financial security, we look at its financial position and compare the value of its liabilities to its assets. If the Plan has fewer assets than liabilities, it is said to have a 'shortfall'. If the assets are more than the liabilities there is said to be a 'surplus'.

We carry out an in depth look at the Plan's finances at least every three years. This is carried out by a qualified independent professional, known as an actuary, and is called an actuarial valuation. We also receive annual updates from the actuary in the years in between valuations.

The previous Actuarial Valuation was carried out with an effective date of 31 December 2021. Since that valuation was carried out, the Pensions Regulator has introduced new requirements related to defined benefit pension schemes, like the Lubrizol Plan. These include a requirement for the Trustees and Company to agree a strategy for both how the Plan will provide benefits over the long term and how the Plan will reach a position where it is expected to have low dependency on the Company going forward.

Partly due to these new requirements, the Trustees and Company agreed to use more cautious assumptions to value the Plan's liabilities as part of the 2024 valuation (and the 2025 annual update), when compared to those used in the 2021 valuation (and the 2022 and 2023 annual updates).

No significant scheme events or changes to benefits have occurred.

What was the Plan's funding position at 31 December 2024 and 31 December 2025?

Table I summarises the results of the Actuarial Valuation as at 31 December 2024 and the estimated Annual Funding Update as at 31 December 2025. The Trustee Report and Accounts for the year ending 31 December 2025 are being drafted and until these have been audited and finalised, the asset value as at 31 December 2025 is only an estimate at this time.

The funding position as at 31 December 2023 is also shown for comparison, although it should be noted that as at 31 December 2023, the funding basis used did not incorporate the changes made as part of the 2024 Actuarial Valuation as noted above. The results shown have been estimated using the Plan's ongoing basis. The ongoing basis assumes that the Plan will continue in the future and has no plans to wind up.

The Annual Funding Update as at 31 December 2025 showed an estimated Plan surplus of £25.4 million, equivalent to a Plan funding level of 114%.

Table I	31 December 2023 Annual Update (£ million)	31 December 2024 Formal Valuation (£ million)	31 December 2025 Annual Update (£ million)
Plan assets	218.7	198.8	201.2*
Plan liabilities	193.9	179.5	175.8
Surplus/(Shortfall)	24.8	19.3	25.4
Funding level	113%	111%	114%

*unaudited asset value

How has the funding position changed since the Annual Funding Statement as at 31 December 2023?

Between 31 December 2023 and 31 December 2024, the funding level decreased, with the estimated surplus reducing from £24.8m to £19.3m. This was primarily as a result of the Trustee and Company agreeing to use more cautious assumptions to calculate the liabilities for the 2024 actuarial valuation, when compared to the previous 2021 valuation (and 2022 and 2023 updates). Adopting more cautious assumptions increases the value of the liabilities and therefore reduces the funding level compared to what it would have otherwise have been, but it does not mean that your benefits are any less secure.

Between 31 December 2024 and 31 December 2025, the funding level increased, with the surplus increasing from £19.3m as at 31 December 2023 to £25.4m as at 31 December 2025. This was mainly due to the investment returns achieved on the Plan's assets, which were higher than expected over the year.

Further details on the Plan's assets and liabilities are set out below.

Assets

The last Annual Funding Statement showed the position at 31 December 2023, with an asset value of £218.7 million. The Plan's assets can be broadly categorised into two groups:

- Matching assets – these assets are invested in a way that is designed so that any movements in the Plan's liabilities as a result of changes in financial market conditions (which could be positive or negative) are broadly matched by corresponding movements in the value of these assets. This helps protect the Plan's funding position and keep it stable over time.
- Growth assets – the purpose of these assets is to seek to generate positive returns for the Plan over the long term.

Overall, between 31 December 2023 and 31 December 2025 the total value of the Plan's assets reduced by £17.5 million to £201.2 million. The value of the matching assets has fallen due to changes in the liabilities (see below). However, this fall has been partially offset by the positive performance of the Plan's growth assets.

As at 31 December 2025, 36.8% of the assets were invested in growth assets (split between pooled investment vehicles invested in global equity, absolute return funds, multi-asset credit and property investments) with the remaining 63.2% invested in a combination of matching assets designed to protect the funding level of the Plan, a Sterling Liquidity fund and cash held in the Plan's bank account.

Liabilities

Overall, the liabilities decreased by £18.1 million from 31 December 2023 to 31 December 2025, from £193.9 million to £175.8 million. This was primarily due to an increase in government bond yields and a reduction in future inflation expectations over the period, partly offset by the impact of adopting more cautious assumptions for the valuation of the liabilities as part of the 2024 Actuarial Valuation (and the 2025 annual update).

Contributions payable

The previous Annual Funding Statement showed the position as at 31 December 2023. Since then, the Company has made payments of £0.4m in 2024 and £0.3m in 2025 to cover the Plan's routine expenses, in line with the Schedule of Contributions. The Company has also reimbursed the Plan's additional expenses incurred on a quarterly basis.

As the Plan closed to the future accrual of benefits on 31 December 2021, the Company no longer contributes in respect of the future accrual of benefits.

At the most recent formal Actuarial Valuation as at 31 December 2024, the Plan had a surplus on the Trustees' ongoing funding measure and hence no deficit recovery contributions are currently required. The Company may, if they wish, pay further contributions at their discretion.

Is there anything else I need to know?

We are also required to let you know what the funding position would be if the Company had to close the Plan and secure the benefits with an insurance company ('wind up' the Plan). This 'wind up valuation' is purely to comply with legal regulations. The Trustees and the Company remain fully committed to safeguarding members' benefits within the Plan.

If the Plan had been wound up on 31 December 2024, the date of the last full actuarial valuation, then it is estimated that the financial position would have been:

- Assets of £198.8 million
- Wind up liabilities of £187.2 million
- Surplus of £11.6 million
- Wind up funding level of 106%

This shows that the Plan would have had a surplus of £11.6 million if it had been wound up at 31 December 2024. This means that members could have expected to receive all of their accrued benefits, based on the actuary's estimate of insurer pricing.

In practice, if the Plan was wound up due to the Company becoming insolvent, the members may be eligible for compensation from the Pension Protection Fund (PPF) if the Plan's assets were less than needed to buy that level of compensation from an insurance company. As the Plan was fully funded on a wind-up basis at 31 December 2024, this would likely not have applied and members would have been expected to receive their benefits in full.

The PPF was set up by the Government in 2005 as a 'lifeboat' fund to help members of pension schemes where there are insufficient assets to provide a certain level of pension benefits. Visit the PPF website for further details: www.pensionprotectionfund.org.uk.

We are required to tell you whether The Pensions Regulator has used its legal powers to make directions as to any of:

- The level of benefits available from the Plan going forward
- The method or assumptions used to calculate the liabilities or the length and structure of the recovery plan
- The contributions that should be paid under the schedule of contributions

The Pensions Regulator has not used its powers in relation to the Plan and therefore the Plan is not subject to any directions.

We are also required to inform you whether any payment has been made from the Plan to the Company, since we last sent you an annual funding statement. We can confirm that no such payment has been made.

If you have already left the Plan and have deferred benefits you can, if you wish, transfer your benefits to another pension arrangement prior to retirement. If you are thinking of transferring your benefits out of the Plan for any reason, you should consult a professional advisor, such as an independent financial advisor, before taking any action. The law prevents us from providing you with financial advice.

Additional documents available on request

The Statement of Funding Principles

This explains how we (the Trustees) plan to manage the Plan with the aim of being able to continue to provide the benefits that members have built up.

The Statement of Investment Principles (“SIP”)

This explains how we (the Trustees) invest the money paid into the Plan. A copy of the SIP is available on the website: [The Lubrizol Retirement and Death Benefits Plan - Isio](#)

The Schedule of Contributions

This shows how much money is being paid into the Plan by the Company and the contributing members and includes a certificate from the actuary showing that as at the last valuation date, it was expected to be sufficient.

The Annual Report and Accounts of the Lubrizol Retirement and Death Benefits Plan 2024

This shows the Plan's income and expenditure in the year ending 31 December 2024.

The Formal Actuarial Valuation Report as at 31 December 2024

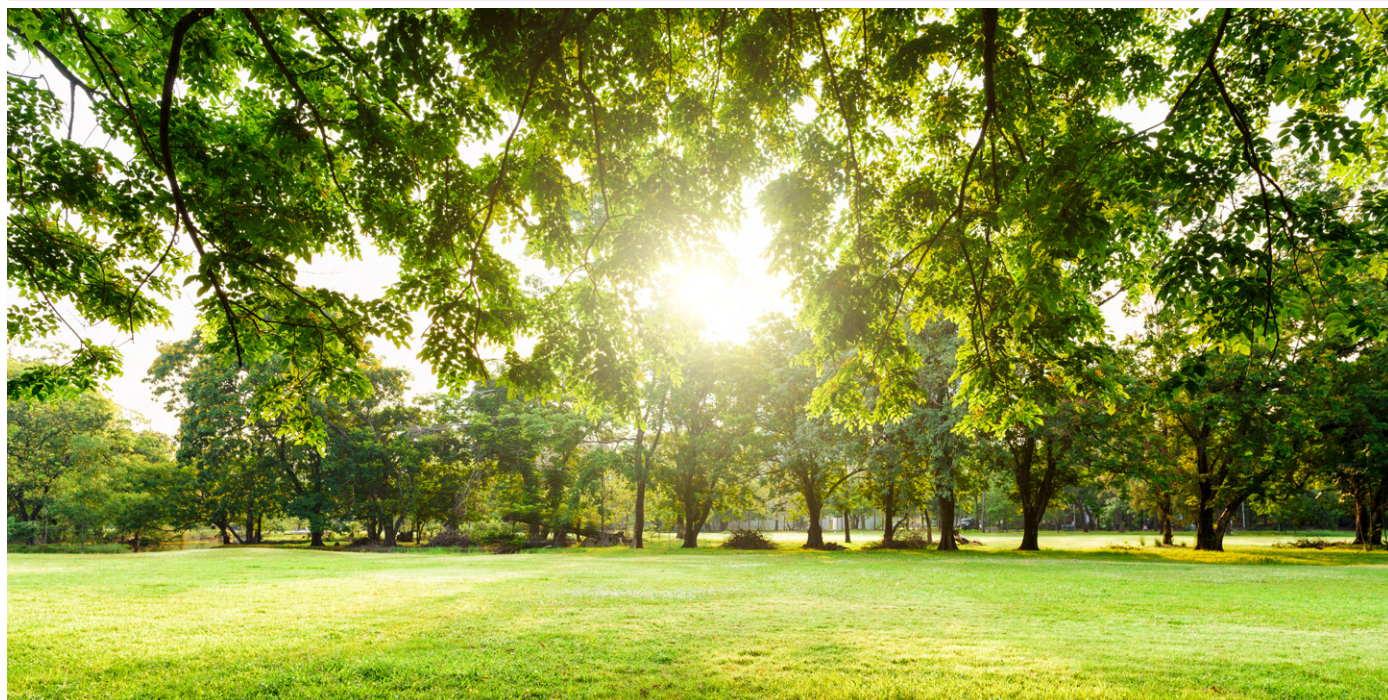
This contains the details of the actuary's check of the Plan's funding position as at 31 December 2024. The next Actuarial Valuation is due as at 31 December 2027.

Annual Funding Update as at 31 December 2025

This contains the details of the actuary's check of the Plan's funding position as at 31 December 2025. The next Annual Funding Update is due as at 31 December 2026.

The Lubrizol Retirement and Death Benefits Plan Information Booklet

This is the members' handbook for the Plan.



Any questions?



If you have any questions about this statement, would like to update your address details, or would like more information about the Plan, please contact:

Email: Lubrizol@isio.com

Telephone: 0800 122 3200 or +44 208 663 5850 if calling from overseas

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Trustees of the Lubrizol Retirement and Death Benefits Plan

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