Statement of Investment Principles
Schlumberger UK Pension Scheme (“the Scheme”)

Introduction

1 Under the Pensions Act 1995, as amended by Section 244 of the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005 (the “Acts”), trustees are required to prepare a statement of the principles governing investment decisions. This document contains that statement for the Schlumberger UK Pension Scheme.

2 Before preparing this document, the Directors of the Schlumberger Trust Company Limited (“the Trustee”) have consulted the Principal Employer (as representative of all the sponsoring employers) and the Trustee will consult the Principal Employer before revising this document. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.

3 Before preparing this document, the Trustee has sought written advice from the Scheme's investment consultants (Isio) and actuarial advisers (WTW). The Trustee will review this document, in consultation with the investment consultants and the actuarial advisers, at least once a year, and immediately after any significant change in investment policy and modify it if deemed appropriate. This will be done in consultation with the Principal Employer and with written advice from the investment consultants. Before preparing this document, the Trustee has had regard to the requirements of the Acts concerning diversification, security, quality, liquidity and suitability of investments and the Trustee will consider those requirements in any review of this document or any change in its investment policy. The Trustee will exercise its powers of investment in line with the principles set out in this document in so far as is reasonable.

4 When choosing investments, the Trustee and the investment managers (to the extent delegated) are required to have regard to the criteria for investment set out in legislation, the Pensions Regulator’s guidance on investments and the principles contained in this statement.

Scheme details

5 The Scheme operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries.

6 Exempt approval was granted by the Inland Revenue under Chapter 1 of part XIV of the Income and Corporation Taxes Act 1988. Since 6 April 2006, the Scheme has been treated by HM Revenue and Customs (HMRC) as a registered pension scheme, in accordance with Schedule 36 of the Finance Act 2004.

Financial Services and Markets Act

7 In accordance with the Financial Services and Markets Act 2000 as amended by the Financial Services Act 2012, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to the appointed investment managers, which may include an insurance company or companies. The investment managers shall provide the skill and expertise necessary to manage the investments of the Scheme competently.

Objectives

8 The investment objectives of the Scheme are:

a. To hold and manage suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from members and the employers, the cost of current and future benefits which the Scheme provides in line with the long term funding objectives set out in the Statement of Funding Principles.

b. To limit the risk of the assets failing to meet the liabilities over the long term, and the scheme-specific funding standard introduced by the Pensions Act 2004.

c. To minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the objective shown under b.

d. For Personal Money Fund (PMF) and Additional Voluntary Contribution (AVC) members the Trustee's objectives are to:

- offer suitable default strategies appropriate for the profile of the defaulting members that considers their expected risk tolerances while optimising investment returns, and;
- supplement this with a range of suitable funds and lifestyle strategies which offer sufficient investment choice to satisfy members' differing risk appetites and risk profiles, and retirement objectives,

e. The Trustee, together with the Scheme's administrators, will ensure that they hold sufficient readily realisable assets to meet the likely cash flow requirements.

FSB

9 The Trustee has agreed, following consultation with its investment consultants, the actuarial advisers and the Principal Employer, to implement a de-risking framework with respect to the Scheme's investment strategy for the defined benefit element of the Scheme that naturally evolves into a de-risked portfolio over time.

The target for the de-risking framework is aimed at the long-term objective for the Scheme to be fully funded as documented in the Long-Term Funding Target (LTFT) set out in the Statement of Funding Principles (SFP). The principles behind the investment strategy are to maintain a Growth Portfolio and a Matching portfolio over the period until the year 2038 (the point at which the last member is expected to retire). The aim of the Growth portfolio is primarily to meet the ongoing defined benefit cashflows during that period. It is expected at 2038 that the Growth Portfolio will be fully exhausted, leaving the Scheme 100% invested in matching assets that fully back the liabilities on the LTFT basis as set out in the SFP.

In the period to 2038, whilst considered and proportionate risk is being sought within the Growth Portfolio, risk is primarily underwritten within the Contingent Asset Fund (CAF) under the terms of the “Agreement for the Establishment of Contingency Funds in respect of the Schlumberger UK Pension Scheme” dated 25 April 2017 and subsequently amended by a legal agreement dated 11th March 2021. The CAF details the anticipated evolution of the Growth Portfolio and Matching Portfolio.

The improvement in TP funding position along with the de-risking of the growth assets has triggered the Trustee to undertake an in-depth review of both the LTFT as set out in the SFP and the long term investment strategy of the Scheme. At the time of this report this review is still on-going.

Asset Allocation

10 Following the current level of excess funding, together with the market movements in 2022, the Trustee will endeavour to de-risk its current portfolio by progressively divesting the current growth assets, when practically and economically possible, and will define a new strategic de-risked investment strategy during 2023.

The Trustee considers the following asset allocation within the Growth and Matching Portfolios to be a suitable long-term policy in relation to the objectives listed below for each portfolio and this has been adopted as the Scheme-specific benchmark for the defined benefit assets. This allocation is to be monitored on an ongoing basis as to its suitability over the period to 2038 and as market conditions change. The illustration below shows the portfolio benchmark allocation as at 31st July 2023. This asset allocation will be reviewed following the de-risking actions taken, and the conclusion of the pending investment strategy review.

Asset Class	**Allocation %**	**Asset Allocation %**	**Min/Max Variation %**
Growth Portfolio	47.5		
Private Equity		41.0	-/+ 5.0
Property		10.0	-/+ 2.5
Direct Lending		31.0	-/+ 5.0
Distressed Debt		9.0	-/+ 2.5
Commercial Real Estate Debt		9.0	-/+ 2.5
		100.0	
Matching Portfolio	52.5		
UK government bonds/LDI		67.0	-/+ 5.0

Asset Backed Securities	33.0	-/+5.0
	100.0	
100.0		

The actual asset allocation is expected to drift from the strategic mix due to both market movements and the timing of capital calls/distributions from the private market investments. Variation from the asset allocation targets is permitted, subject to the overall limits shown above. When these limits are **breached, the Trustee will consider whether remedial action should be taken to** redress this (subject to seeking advice from the Scheme's investment consultants) within an appropriate timeframe.

The Trustee will formally review the allocation against the strategic allocation on at least a quarterly basis. Where necessary, rebalancing will be affected by transferring assets/cash between the managers but normal cashflow requirements will be used to rebalance where appropriate to avoid unnecessary transaction costs.

11 The Trustee manages the Growth Portfolio with reference to expected risk, return, liquidity and timescale. The overall objective is to maintain an expected return on the Growth Portfolio of at least SONIA plus 4% p.a. The Trustee selects investments with consideration to diversification, volatility, security in impairment and correlation with the sponsoring employers' business. The types of assets that could be utilised within the Growth portfolio include but are not restricted to; UK and Overseas Listed Equity, Private Equity, UK and Overseas Property, Semi Liquid Credit, Private Debt (including Direct Lending, Distressed Debt and Commercial Real Estate Debt) and High Yield Bonds.

The Trustee has designed the Matching Portfolio to hedge the interest rate and inflation risks for 95% of the Schemes' liabilities. It is expected that, in 2038, the Matching Portfolio will hedge 100% of interest rate and inflation risk on a self-sufficiency basis as set out in the SFP. The Matching Portfolio targets an expected return of at least Gilts plus 0.75% p.a. As the Matching Portfolio has evolved, following the accelerated de-risking of the Scheme, the Trustee has agreed, following consultation with its investment consultants, the actuarial advisors and the Principal Employer, to invest in a range of fixed income instruments known collectively as The Collateral Waterfall (which is illustrated in Appendix 4). The purpose of this structure is to retain the efficiency of the hedging of the liabilities whilst maintaining diversification of both manager and investment risk. In addition, the fixed income instruments have different levels of liquidity so as to provide additional collateral for the liability hedging if required. The types of assets that could be utilised in the Matching Portfolio are UK Government Bonds, Semi Liquid Credit, Diversified Investment Grade Credit, Asset Backed Securities and Derivatives (including, but not limited to, Interest Rate Swaps, Inflation Swaps, Gilt Repurchase Agreements (repos) and Credit Default Swaps (CDS). It is expected that in the long term the bonds held will be refined to reduce any mismatch between the timing of the cashflows from the assets and the timing of the expected benefit cashflows to the members.

Under the LDI investment management agreement held with Insight Investments and following the extreme movements in interest rates during the second half of 2022, the disinvestment of the tier 2 and tier 3 assets (as illustrated in Appendix 4) was triggered. The proceeds of this were used to fund the collateral requirements of the LDI hedge. In addition, the Trustee instructed the sale of the tier 4 and tier 5 assets to provide liquidity which when settled was to be invested in highly liquid tier 1 assets

12 This strategy has been set to ensure assets are invested in the best interests of members and beneficiaries.

13 The Trustee, and investment managers who have delegated discretion, exercise their powers in a manner calculated to ensure the security, quality, liquidity and profitability of the Scheme. The Trustee invests the assets in a manner it believes to be appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme. The asset classes specified above are intended to diversify the Scheme's investments adequately and to avoid undue concentration.

PMF

14 For the defined contribution element of the Scheme (PMF) the Trustee is aware that members' investment needs change as they progress towards retirement age. Younger members have a greater need for real growth to attempt to ensure their investments keep pace with inflation and if possible, salary escalation. Younger members will also, all other things being equal, have a greater tolerance for volatility of returns, as they have a greater time to retirement in which markets may recover from any temporary low. Older members will have differing investment needs depending on how they wish to withdraw their retirement savings. The Trustee is aware that different members will have different personal circumstances and attitudes to risk and should therefore have the facility to invest in vehicles that broadly reflect their own preferences and personal beliefs, whilst maintaining a suitable spread of investments. Therefore, the Trustee feels that it is appropriate to offer members the ability to choose between two different types of investment strategy:

- 'Lifestyle' options whereby members' investments are automatically switched from higher risk/higher potential return investments to lower risk investments as they approach retirement.
- Self-select range

Lifestyle options: PMF members are offered three lifestyle options designed for different retirement outcomes as follows:

- Drawdown option
- Annuity option
- Cash option

All three options have the same investment allocation during the growth phase (split approximately 22.5% in Global ESG Focussed Listed Equity, 52.5% in Overseas Listed Equity (including approximately 25% of passively managed ESG Focussed Listed Equity) and 25% in a Diversified Growth Fund. Then seven years out from the selected retirement age the three lifestyle options switch into one of the following: the Annuity Lifestyle which is 75.0% Core Fixed Income and 25% Short Term Cash at the selected retirement age, the Drawdown Lifestyle which is 25% Asset Backed Securities (ABS) Credit Fund, 25% Diversified Growth Fund, 25% low risk Fixed Income, 12.5% Index Linked Gilts, 8.75% Overseas Listed Equity and 3.75% Global ESG Focussed listed Equity at the selected retirement age and the Cash Lifestyle which is 100% in Short Term Cash at the selected retirement age.

Self-select range: PMF members can allocate their assets and contributions across the following range of funds:

- UK Equity
- Global Equity
- Global ESG Focussed Equity
- Core Fixed Income
- Index Linked Gilts
- Short Term Cash
- Balanced Multi-Asset Fund
- Consolidated Fund
- Asset Backed Securities Credit Fund
- High Yield Credit Fund
- Shariah Fund

Further details can be found in Appendix 1.

Members are required to secure their retirement pension or drawdown benefits in the open market.

Default arrangements
7 year Drawdown Lifestyle
PMF members who do not make an explicit choice on how to invest their pension savings are automatically invested in the 7year Drawdown Lifestyle strategy when they join the Scheme.
The objective of the default strategy is to generate capital growth over the long term through exposure to equities and diversified assets providing an appropriate balance between risk and return. In the 7 years prior to retirement, the strategy aims to reduce the volatility of the member’s expected pension fund by increasing the allocation to bonds and high quality debt assets. This option is designed mainly for members looking to use their retirement accounts

to maintain investment growth at retirement age and move to a drawdown arrangement which allows them to take income as and when required.

Balanced Multi Asset Fund (BMAF)
In addition to the above, in Q1 2020, the Trustee selected the BMAF as a default fund for the purposes of a fund mapping exercise. This affected a handful of self-select members who were investing in the Diversified Growth Fund (DGF) which was closed at the same time. In cases where a 'default fund' is required, the Trustee's policy is to select 'like for like' investments to closely match the prior investments.
The BMAF was chosen as it represented the closest equivalent to the outgoing DGF in terms of investment objective and expected risk and return (as set out in Appendix 1) and was felt to be suitable and appropriate for the members who would be mapped across.

In designing and selecting default arrangements (and other options under the PMF) to ensure that assets are invested in the best interests of members, the Trustee in conjunction with its investment consultants considered the Scheme's demographic profile and the retirement outcome needs and risk tolerance of the membership. Due consideration was also given to charge cap compliance.
The Trustee's wider investment policy and considerations as disclosed throughout this document apply equally to the design and construction of the default investment arrangements.

Statement of Funding Principles ('SFP')

15 A Scheme-specific Statement of Funding Principles ('SFP') has been prepared by the Trustee and Principal Employer after taking advice from the Scheme Actuary and will be updated after each future valuation. The SFP, among other things, specifies intentions regarding the deficit recovery plan that would be agreed between the Trustee and the Principal Employer where a valuation reveals a shortfall of assets relative to the Scheme's technical provisions.

Liquidity

16 The Trustee, together with the Scheme's administrators, will ensure that sufficient cash is held to meet the predicted benefit outgoing from time to time. The Trustee monitors the liquidity of the portfolio in relation to the collateral requirements of its LDI strategy and stress tests this against significant movements in market rates. The majority of the Scheme's investments are readily realisable and could be sold to meet unexpected cashflow requirements without significantly disrupting the overall investment policy. In particular, the Trustee monitors the alternative asset classes with regards to liquidity requirements as these investments are more long term in nature. The Trustee has authorised the use of Gilt Repurchase Agreements in order to provide additional liquidity as required particularly with regards to funding initial drawdowns on alternative asset classes.

Manager structure

17 The Trustee has agreed to participate in the Schlumberger UK Common Investment Fund ('SCIF'), a fund set up to manage the investments of a number of pension schemes within the Schlumberger Group. The Trustee reserves the right to stop participating in SCIF at any time or to manage separately a portion of the Scheme's assets. It is the Trustee's policy to monitor SCIF to ensure that it continues to be invested in suitable assets and is adequately diversified.

The Trustee has delegated the choice of investment managers and their investment objectives and restrictions to the trustee of the SCIF – Schlumberger Common Investment Fund LTD (SCIFL). The Trustee will be notified of any changes in the investment managers selected by SCIFL at the meeting subsequent to any change.

SCIFL employs (or will employ) one or more investment managers for each of the following distinct roles:

- UK equities
- overseas equities
- global ESG focussed equities
- bonds
- asset backed securities
- liability driven investment strategy
- property
- private equity
- distressed debt
- hedge funds
- commercial real estate debt
- direct lending
- semi liquid credit
- diversified investment grade credit
- diversified growth fund

In addition, after obtaining advice on their suitability as required by the Acts, SCIFL may invest in pooled funds for cash, bonds, equities, hedge funds, semi liquid credit, diversified growth funds, asset backed securities, diversified investment grade credit and property. SCIFL may also make commitments to limited partnerships for private equity, property, commercial real estate debt, direct lending and distressed debt.

These managers have specific investment mandates and benchmarks which, in aggregate, are consistent with the Scheme's overall objectives and against which their performance is measured.

18 The investment managers utilised by SCIFL are mandated to ensure appropriate diversification of investments and the suitability of the Scheme investments. The Trustee ensures that the majority of assets are invested in regulated markets and that any allocation to unregulated markets is maintained at a prudent level.

Derivatives and borrowing

19 The Trustee/SCIFL may use, or permit the investment managers to use, derivative instruments if they contribute to a reduction of risks or facilitate efficient portfolio management (including the cost or the generation of additional capital or income with an acceptable level or risk). With the exception of short-term borrowing in the Matching portfolio via the use of derivatives such as Repurchase Agreements and Total Return Swaps, the Trustee/SCIFL does not permit the investment managers to borrow money for the purpose of providing liquidity. Following the exceptional market movements experienced in 2022 the Trustee/SCIFL has negotiated a temporary short term loan facility which could be called on to provide additional liquidity to support the LDI hedge. This facility will remain in place while the Trustee/SCIFL awaits the sales proceeds from the disinvestment of the Tier 5 assets

Manager monitoring

20 The investment managers appointed by SCIFL will be reviewed regularly and at least quarterly by the SCIFL Directors and their investment consultants, based on:

- the results of independent monitoring of their performance
- their investment process and administration
- compliance with the requirements of the Acts, where relevant.

The SCIFL Directors will hold regular meetings with the investment managers.

The managers have been provided with a copy of this Statement and SCIFL will monitor the extent to which they give effect to its policies. Details of the investment policies monitored by SCIFL and the Trustee can be found in Appendix 3

Additional Voluntary Contributions

21 Members of the Scheme can pay Additional Voluntary Contributions (AVCs) into the main fund range offered under the PMF. The Trustee gives due consideration to this when monitoring and reviewing the fund range.

The Trustee holds a number of legacy with-profits policies which are closed to contributions. These policies have been retained due to the unique features of with-profits funds. The Trustee reviews these funds periodically having taken written advice from its advisers.

Socially responsible investing

22 The Trustee takes account of financially material risks and opportunities in consultation with its investment and actuarial advisers. All risks and opportunities are considered for materiality and impact within a risk management framework which takes account of members’ and the Scheme’s investment time horizons and objectives. The Trustee considers sustainable investment factors, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, in the context of this broader management framework.

The Trustee has prepared an Environmental, Social and Governance Beliefs Document which sets out the Trustee's beliefs and policies on how ESG factors should be integrated in investment decision-making to promote Responsible Investing. The Trustee, following advice from its investment consultants, provides, within the PMF, an ESG focussed global equity fund in the investment strategy of the 3 Lifestyle options and also as a self-select option The Trustee has also developed a set of ESG KPI's which they and SCIFL will use to monitor the investment managers on an ongoing basis.

The Trustee recognises that ESG factors can have a positive influence on the long-term stability and returns of investments. Investment managers are selected by SCIFL with the expectation that they will be best placed to achieve the return objectives as set out in their mandates, and a strategy that seeks to combine these positive ESG factors will contribute to the achievement of the Scheme's overall strategic objectives.

The Trustee's policy is that day-to-day decisions relating to the investment of the Scheme 's assets (i.e. the selection, retention and realisation of investments) are left to the discretion of the investment managers. This includes consideration of all financially material factors including ESG-related issues where relevant. The extent to which ESG considerations are taken into account in these decisions is also left to the discretion of the investment managers, acting within the guidelines and objectives set by SCIFL and the Trustee. The Trustee explores these issues with SCIFL and its advisers to understand how the investment managers exercise these duties in practice.

When considering the appointment of any future managers and reviewing existing managers, SCIFL together with its advisers will look to take account of the approach taken by investment managers with respect to sustainable investing including engagement and voting policies where relevant.

The Trustee will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual.

Non-financial ESG matters (including members' views on such matters) have been considered in the Trustee ESG Beliefs document and where relevant are included as part of the overall monitoring of the investment managers.

Exercising of Rights/Stewardship

23 The Trustee has set out it's beliefs on voting and stewardship within the ESG Beliefs document and alongside SCIFL will monitor the investment managers on an ongoing basis on the KPI's that have been developed within that document.

The Trustee has delegated responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers employed by SCIFL. The Trustee has also delegated responsibility for undertaking engagement activities in respect of the investments to the investment managers.

Employer-related investments

24 The Trustee's policy is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 except where the Scheme invests in pooled vehicles that may hold employer-related investments, in which case the total exposure to employer-related investments will not exceed 2.5% of the Scheme's value.

Monitoring and managing of risks

25 An Integrated Risk Management (IRM) document has been prepared in response to The Pension Regulator's ('tPR') Code of Practice No 3 (Funding Defined Benefits) dated July 2014, the purpose of which is to provide a principles-based framework regarding compliance with the statutory funding requirements contained in Part 3 of the Pensions Act 2004. Further direction has been derived from tPR's publication entitled 'Supplementary Regulatory Guidance on Integrated Risk Management' dated December 2015. The IRM document, recognises a number of risks, including those involved in the investment of the assets of the Scheme. Some of these risks are drawn out below:

Solvency risk and mismatching risk:

- are measured through a qualitative and quantitative assessment of the expected development of the liabilities relative to the current and alternative investment policies
- are managed through ongoing reporting of the funding level risk (via Asset Liability Monitoring) and monitoring the capacity within the intercompany loan facility that supports the Contingent Asset Fund to ensure that this facility can support the level of risk being run.

Manager risk (monitored by SCIFL):

- is measured by monitoring each manager's performance relative to their respective benchmark
- is managed by having a formal review process if, the performance is more than 10% behind benchmark over a rolling 1 year period for open ended funds and if the performance is more than 4% p.a. behind benchmark over a rolling 3 year period for closed ended funds. This is supplemented by ongoing monitoring of the portfolio positioning to ensure it is in line with the fund's stated investment approach and philosophy.

Liquidity risk:

- is measured by the level of cash flow required by the Scheme over a specified period

- is managed by monitoring the total cash outflow from the Scheme against what was expected.

Custodian risk:

- is measured by extensive due diligence prior to appointment of a custodian / fund manager, in particular by assessing the creditworthiness of the custodian banks and the ability of the organisations to settle trades on time and provide secure safekeeping of the assets under custody
- is managed by monitoring the investment manager reporting against the custodian's records, monitoring the custodian's activities and discussing the performance of the custodian with the investment managers when appropriate.

Political risk:

- is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention
- is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy. From time to time, the Trustee may restrict the investment managers from investing in certain regions/sectors that are not deemed to match the investment objectives of the Scheme.

ESG risk:

- is measured through the performance of the Scheme's investments as the Trustee recognises the relationship between investment returns and ESG factors
- is managed by the ongoing monitoring by SCIFL and the Trustee of the investment managers who have been delegated to consider ESG factors in determining the holdings within their portfolios.

Counterparty risk:

- is measured through the level of concentration with any one counterparty leading to the risk of an adverse influence on investment values arising from a default on obligations
- is managed by setting appropriate guidelines for managers and monitoring their compliance and having a diversified pool of pre-agreed counterparties with adequate collateralisation in place where positions are unfunded.

Collateral risk.

- is measured by the level of collateral required in order to maintain the existing levels of interest and inflation rate hedge under extreme movement in market rates.
- is managed by stress testing the existing LDI hedge and by maintaining an adequate portfolio of liquid assets which can be readily realised in order to fund collateral calls.

Security concentration risk:

- is measured by the level of concentration in individual holdings (both equity and bond) leading to the risk of an adverse impact of investment values arising from corporate failure
- is managed by holding a diversified investment portfolio (by asset class, sector and region), regular reviews of stock concentration and regular discussions with the investment managers about sustainability risks.

Sponsor risk:

- is measured by the level of ability and willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit
- is managed by the presence of the Contingent Asset Fund, by assessing the strength of the covenant based on a series of oil & gas industry and Schlumberger specific criteria (as noted in the IRM document) and monitoring the capacity of the intercompany loan facility that provides support for future recapitalisation of the Contingent Asset Fund.

PMF Specific Risks

26 Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative rather than a quantitative manner as part of each formal strategy review.

Capital risk

- the risk that the value of the investment will fall in value over any period of time. The Trustee has made available a cash fund to manage this risk.
- The cash fund is also used in the lifestyle strategies to directly protect the capital value of the part of the member's fund expected to be taken as tax free cash on the run up to retirement. Within all of the lifestyle strategies, as retirement approaches the Trustee has chosen to transition members' accounts into a combination of less volatile assets in part to protect capital value

Inflation risk

- the risk that the contributions fail to provide an adequate amount of benefit by failing to achieve an adequate amount of return in excess of price inflation commensurate with the term of investment. The Trustee has made available a variety of lifestyle strategies including equity and diversified growth funds to manage this risk.

Pension conversion risk

- the risk that the value of a member's account does not reflect the fluctuating costs of purchasing an annuity at retirement. The Trustee has made available both an annuity matching lifestyle option and self-select options in bonds and index linked gilts (for those members who want an inflation linked annuity in retirement) to manage this risk.

Currency risk

- the risk where members invest in funds with an exposure to overseas currency will lead to currency risk when these investments are converted back into Sterling. The Trustee has elected to invest 50% of its exposure to North American Equity in a currency hedged fund and requests that the investment managers hedge their currency exposures where it is possible for them to do so in order to manage this risk.

The Trustee will keep these risks under regular review.

S. White

31/10/2023

Signed for and on behalf of the Directors of
The Schlumberger Trust Company Ltd

Date

G. Park

31st Oct 2023

Signed for and on behalf of the Directors of
The Schlumberger Trust Company Ltd

Date

Appendix1 – PMF Self Select Funds

UK Equity Fund – Fund objective to provide a real rate of return over a 10 year+ period consistent with a portfolio invested solely in UK traded stocks.

Global Equity Fund – Fund objective to provide a real rate of return over a 10 year+ period consistent with a portfolio invested solely in globally traded stocks.

ESG Global Equity Fund – Fund objective to provide a real rate of return over a 10 year+ period consistent with a portfolio invested solely in globally traded stocks while investing in a manner that is consistent with the Trustee's stated ESG beliefs.

Core Fixed Income Fund – Fund objective to provide investment growth in the medium to long term by investing in a range of bonds issued by high quality corporations and the UK government. The change in the price of the fund is expected to have some link to the change in the price of fixed rate annuities.

Index Linked Gilts Fund – Fund objective to provide a return by investing in high quality bonds issued by the UK government. The return of these bonds is linked to the changes in the rate of UK inflation and therefore investments in this fund are intended to partially protect the investor against inflation. The change in the price of the fund is expected to have some link to the change in the price of inflation linked annuities.

Short Term Cash Fund – Fund objective to provide capital preservation and pricing stability before inflation in all periods. This fund targets returns consistent with Bank of England base rates, by investing in high quality, short term fixed income securities.

Balanced Multi Asset Fund – Fund objective to provide investment growth in excess of inflation over the medium to long term, with possible short-term fluctuations in price.

Consolidated Fund – Fund objective to provide positive investment returns over the short to medium term, with possible fluctuations in price in the very short term.

High Yield Credit Fund – Fund objective to provide investment growth in the medium to long term by investing in a range of bonds issued globally both on public and private markets. It is possible that the price of these funds may vary in the short term.

Shariah Fund – Fund objective to provide a real rate of return over a 10 year+ period consistent with a portfolio invested solely in globally traded stocks whilst meeting Islamic investment principles as interpreted and laid down by a Shariah Supervisory Committee.

Asset Backed Securities Credit Fund - Fund objective to provide capital preservation and pricing stability before inflation in the medium term. This fund targets returns modestly in excess of Bank of England base rates, by investing in a range of very high quality, short term fixed income securities.

Appendix2 – De-risking rulebook

De-risking Rulebook

102% Technical Provisions Funding Level	
Trigger	If expected Funding Level is >102% on Technical Provisions, de-risk as described below. The expected Funding Level progression is derived using equity market indices representing the overall growth portfolio.
Immediate Rebalance Sell	Reduce listed equity exposure immediately by 25%. To be implemented by a synthetic overlay using futures immediately, until the physical asset is sold and the overlay removed.
Immediate Rebalance Buy	Immediately triggers a CDS overlay representing the desired credit risk, with physical assets purchased using the proceeds of the equity sales and the overlay unwound at that time.

103% Technical Provisions Funding Level	
Trigger	If expected Funding Level is >103% on Technical Provisions, de-risk as described below. The expected Funding Level progression is derived using equity market indices representing the overall growth portfolio.
Immediate Rebalance Sell	Reduce listed equity exposure immediately by 33%. To be implemented by a synthetic overlay using futures immediately, until the physical asset is sold and the overlay removed.
Immediate Rebalance Buy	Immediately triggers a CDS overlay representing the desired credit risk, with physical assets purchased using the proceeds of the equity sales and the overlay unwound at that time.

104% Technical Provisions Funding Level	
Trigger	If expected Funding Level is >104% on Technical Provisions, de-risk as described below. The expected Funding Level progression is derived using equity market indices representing the overall growth portfolio.
Immediate Rebalance Sell	Removes all residual listed equity exposure immediately. To be implemented by a synthetic overlay using futures immediately, until the physical asset is sold and the overlay removed.
Immediate Rebalance Buy	Immediately triggers a CDS overlay representing the desired credit risk, with physical assets purchased using the proceeds of the equity sales and the overlay unwound at that time.

Appendix 3 - Investment Management

The Trustee/SCIFL have the following policies in relation to the investment management arrangements for the Scheme:

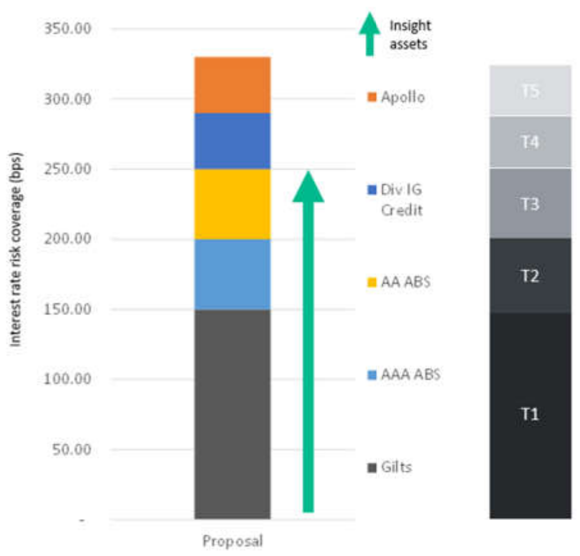
How the investment managers are incentivised to align their investment strategy and decisions with the Trustee's policies.	• Via SCIFL, the Trustee has segregated arrangements with certain investment managers, thereby allowing investment managers to align their strategy with the Trustee's policies. The Scheme is also invested in some pooled funds where there is limited scope for these to tailor their strategy and decisions in line with the Trustees policies, however these selected funds are aligned to the Trustee's strategic objective. This is reviewed on an ongoing basis. • The Trustee invests in a number of mandates which are subject to a performance related fee.
How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	• The Trustee/SCIFL reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements. Managers that do not perform to the agreed criteria are challenged and may be removed. • The Trustee/SCIFL monitors the investment managers' engagement and voting activity against a set of Trustee defined ESG /stewardship related factors on an annual basis as part of its ESG monitoring process. • Currently, the Trustee/SCIFL do not incentivise the investment managers to make decisions based on non-financial performance.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee's policies.	• The Trustee/SCIFL reviews the performance of all of the Scheme's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. • The Trustee/SCIFL evaluates performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years. • Investment manager fees are reviewed regularly to make sure the correct amounts have been charged and that they remain competitive.

The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	• The Trustee/SCIFL does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.
The duration of the Scheme's arrangements with the investment managers	• The duration of the arrangements is considered in the context of the type of fund the Scheme invests in. o For closed ended funds or funds with a lock-in period the Trustee/SCIFL ensures the timeframe of the investment or lock-in is in line with the Trustee's objectives and the Scheme's liquidity requirements. o For open ended funds, the duration is flexible and the Trustee/SCIFL will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.
Voting Policy (where applicable) - How the Trustee expect investment managers to vote on their behalf	• The Trustee monitors the voting policies that are implemented by the Scheme's investment managers on their behalf.
Engagement Policy - How the Trustee will engage with investment managers, direct assets and others about 'relevant matters'	• The Trustee monitors the engagement policies that are implemented by the Scheme's investment managers on their behalf. • The Trustee, via their investment advisers, will engage with managers about 'relevant matters' at least annually. • Example stewardship activities that the Trustee has considered are listed below. o Selecting and appointing asset managers – the Trustee will consider potential managers' stewardship policies and activities o Asset manager engagement and monitoring – on an annual basis, the Trustee assesses the voting and engagement activity of their asset managers. The results of this analysis feeds into the Trustee's investment decision making.

Appendix 4 – Collateral Waterfall Structure

Collateral Waterfall

Current Asset Allocation	Details



Tier 1 – first 30% gilt sell off

- Mainly Gilts and some cash only
- Supports immediate hedge activity – ie day to day passing of collateral
- Gilts are repo'd from time to time by LD for cashflow management purposes

Tier 2 – next 10% gilt sell off

- AAA rated, short dated, liquid ABS
- Rule 1: Sold if T1 collateral falls below 0.5% interest rate coverage
- Rule 2: Discretionary sold if T1 collateral falls towards 0.5% interest rate coverage
- Yields L+0.5%

Tier 3 – next 10% gilt sell off

- AA rated, medium dated ABS
- Sold if T2 is exhausted
- Yields L+1%

Tier 4 – next 8% gilt sell off

- Diversified Investment Grade Credit = IG average, broad market credit fund
- Not expected to be needed for collateral but will be called on if T2 and T3 are close to exhaustion
- Yields L+2.5%

Tier 5 – next 8% gilt sell off

- Apollo SLC
- Not expected to be needed for collateral but will be called on if T2, T3 and T4 are close to exhaustion
- Yields L+4.0%