Schlumberger UK Pension Scheme

Chair's Annual Governance Statement

1 January 2022 – 31 December 2022

Introduction

This Statement has been prepared by Schlumberger Trust Company Limited, the Trustee of the Schlumberger UK Pension Scheme ('the Scheme') in order to demonstrate how the Scheme has complied with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015[1]. This Statement applies to both the Personal Money Fund (PMF), the defined contribution element of Final Salary Benefit (FSB) section ('Blue Section') and the Defined Contribution (DC) section ('Orange Section') of the Scheme. Details of legacy Additional Voluntary Contribution ('AVCs') arrangements are also included in this Statement. The Statement has been prepared in accordance with the Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

General investment principles

The Trustee's general investment principles are as follows:

1. To offer a suitable default investment strategy appropriate for the profile of members that do not make an investment decision, taking into account their expected risk tolerances while optimising investment returns; and

2. To supplement this with a range of suitable self-select investment options (including alternative self-select lifestyle strategies) which offer sufficient investment choice to satisfy members' differing risk appetites and risk profiles, and retirement objectives.

Investment strategy – relating to the Scheme's default investment option

Although members have the choice of where to invest, the Trustee must also make available a default investment option (default strategy) for those members who do not make an investment decision on joining 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 seven 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 other high quality credit instruments with a proportionately lower allocation to growth seeking assets. The strategy is designed on the basis that the majority of members are likely to aim to maintain a level of investment growth at retirement age and move the majority of their PMF to a drawdown arrangement that allows members to take income as and when required.

Full details of the Trustee's investment policy, including the default investment option's aims and objectives can be found in the Trustee's Statement of Investment Principles (SIP). The SIP Is appended to this Statement and can also be viewed online at https://epa.towerswatson.com/accounts/slb/public/schlumberger-uk-pension-investment-principles/

Strategic review

The last strategic review of the Scheme's default strategy and self-select funds range was completed with the Trustee's investment advisers and agreed by the Trustee during the last reporting period in November 2021.

Following the review, the Trustee concluded that the default strategy was meeting its objectives and the switching glidepath profile for the Drawdown Lifestyle remained appropriate for members. The review did highlight the potential to improve the risk/return profile of the Drawdown Lifestyle further by introducing Environmental, Social and Governance (ESG) tilted investments into the equity portfolio and refining the asset composition of the final stage of the consolidation phase. Accordingly, in October 2022, an allocation to an ESG tilted global equity fund was introduced into the Global Equity Fund and a new Asset Backed Securities Fund replaced the Cash Fund within the final stage of the consolidation phase – all assets in the Cash Fund within the Drawdown Lifestyle were automatically switched to the Asset Backed Securities Fund at this time.

The Trustee communicated these changes to members in advance. The next review of the default strategy is due in November 2024.

Self-select fund changes

Following the November 2021 review and during the course of 2022, in concert with its investment adviser, the Trustee evaluated the self-select fund range options and elected to introduce three new options.

Shariah Fund
The Trustee acknowledged that the current arrangements did not specifically have an option that was compatible with members wishing for investments in funds that meet the requirements of Shariah law and the principles of Islam. The Shariah Fund was introduced to bridge this gap.

High Yield Credit Fund
The Trustee felt that the member options would be boosted by the option to access a high yielding bond fund. The High Yield Credit Fund will meet this requirement.

The Asset Backed Securities Credit Fund
The Trustee felt that it would be appropriate to offer this Asset Backed Securities Fund (which features within the default strategy) as a capital preservation option for members seeking a slightly higher risk/return profile than the Scheme's existing Cash Fund.

All three options were introduced in October 2022 at the same time the default investment changes took place.

Regular investment monitoring

The Trustee delegates detailed investment oversight to Schlumberger Common Investment Fund Limited (SCIFL) but also maintains an investment sub-committee to carry out appropriate strategic investment monitoring. SCIFL and the Trustee take advice from professional investment advisers to ensure that they have the appropriate knowledge, competency and experience to manage the Scheme's assets.

The Trustee regularly reviews the underlying performance of the funds within the default strategy, the alternative lifestyle strategies and the self-select funds on at least a quarterly basis. SCIFL prepares detailed quarterly reports for the Trustee on the performance of the investment managers against the agreed benchmarks that are set out in the Statement of Investment Principles. This enables the Trustee to review performance of the funds and, in conjunction with its investment advisers, make changes to the investment managers if required.

The Trustee would note that 2022 proved to be a challenging period for investment, with most asset classes suffering falls in value over the period. This has translated to negative absolute returns for the majority of the Scheme's funds, however, most performed in line with their respective benchmarks over longer and short term periods with the exception of the Diversified Growth Fund (DGF), which is a component within the Scheme's Lifestyle strategies, including the default lifestyle option. The DGF showed some material deviation from its benchmark over the reporting periods. This has translated into some deviation from the overall benchmark for the Lifestyle options. The Trustee will continue to monitor this fund closely but acknowledges that the nature of the DGF's absolute return benchmark and the unique investment conditions during 2022 made meeting the benchmark impractical.

The Trustee continues to monitor all the funds on a regular basis focusing on longer term performance and will make changes to the fund options if required.

The Trustee formalised an Environmental, Social and Governance (ESG) document in Q4 2022 to address proposed roles and responsibilities to manage climate-related risks & opportunities. This document recognises the evolving regulatory requirements in relation to climate change and explains that the Trustee believes that exposure to ESG factors, including climate change, can impact the performance of the Scheme's investments and member outcomes. This document also sets out the roles and responsibilities of the Trustee, the relevant Trustee Committees, investment managers and external advisers in relation to the identification, assessment and management of climate-related risks and opportunities and applies to both the DB and DC sections of the Scheme.

Investment returns

The Trustee is required to set out the investment returns of the Scheme's funds net of any charges. Please note that members do not pay any charges associated with investing in the Scheme's funds other than in respect of the legacy AVCs recently acquired by the Scheme – please refer to the 'Charges and transaction costs' section for more details.

In reporting the investment returns, the Trustee has reviewed and taken account of the DWP's Statutory Guidance in this area.

Default strategy

Members in the default strategy are in the Drawdown Lifestyle that invests in several underlying funds, the proportion of assets in each depending on the number of years until the member's Target Retirement Age (TRA).

Therefore, we have provided the investment returns at a range of ages based on the Scheme's Normal Retirement Age (NRA) of 60. The performance information has been derived from the proportion of assets invested in each underlying fund at that age.

Fund	5 years (% pa)		3 years (% pa)		1 year (%)	
	Fund	BM	Fund	BM	Fund	BM
Drawdown Lifestyle – age 25	5.0	6.0	4.9	5.7	-8.1	-5.8
Drawdown Lifestyle – age 45	5.0	6.0	4.9	5.7	-8.1	-5.8
Drawdown Lifestyle – age 55	4.1	6.3	3.3	6.0	-11.6	-6.5
Drawdown Lifestyle – age 60	2.4	3.5	1.6	2.6	-8.1	-5.4

Additional default fund

Fund	5 years (pa)		3 years (pa)		1 year	
	Fund	BM	Fund	BM	Fund	BM
Balanced Multi-Asset Fund	2.8	2.4	1.2	0.4	-14.2	15.3

BM = Benchmark.

Please note that this information is based on a Target Retirement Age (TRA) of 60, the Scheme's Normal Retirement Age (NRA). If a member has selected a different TRA, the returns experienced may be different.

Alternative lifestyle strategies

Fund	5 years (% pa)		3 years (% pa)		1 year (%)	
	Fund	BM	Fund	BM	Fund	BM
Annuity Lifestyle – age 25	5.0	6.0	4.9	5.7	-8.1	-5.8
Annuity Lifestyle – age 45	5.0	6.0	4.9	5.7	-8.1	-5.8
Annuity Lifestyle – age 55	4.5	5.4	4.8	4.3	-9.5	-7.4
Annuity Lifestyle – age 60	0.1	0.1	-2.4	-3.0	-14.2	-15.1
Cash Lifestyle – age 25	5.0	6.0	4.9	5.7	-8.1	-5.8
Cash Lifestyle – age 45	5.0	6.0	4.9	5.7	-8.1	-5.8
Cash Lifestyle – age 55	4.7	5.7	4.3	5.2	-9.0	-6.5
Cash Lifestyle – age 60	2.6	3.1	2.3	2.3	0.5	0.6

BM = Benchmark.

Please note that this information is based on a Target Retirement Age (TRA) of 60, the Scheme's Normal Retirement Age (NRA). If the member has selected a different TRA, the returns experienced may be different.

Self-select funds

Fund	5 years (% pa)		3 years (% pa)		1 year (%)	
	Fund	BM	Fund	BM	Fund	BM
Global Equity Fund	8.10	7.78	8.22	7.78	-7.91	-7.60
UK Equity Fund	3.19	2.91	2.67	2.30	-0.11	0.35
Balanced Multi-Asset Fund	2.81	2.42	1.17	0.43	-14.15	-15.34
Index-Linked Gilts Fund	-4.81	-4.90	-9.72	-9.88	-36.86	-37.33

Core Bond Fund	-1.60	-2.39	-5.02	-6.22	-19.10	-20.41
Consolidation Fund	1.13	2.70	1.09	2.61	-0.40	3.34
Cash Fund	0.65	0.47	0.62	0.44	1.50	1.35

BM = Benchmark.

Please refer to the fact sheets for further details on the funds including their underlying holding, risk profile and performance benchmarks. Further information on the Scheme's investment options can be found *at* https://epa.towerswatson.com/accounts/slb/public/schlumberger-uk-pension-the-default-option.

Further details on the Scheme's recently acquired external AVC funds' investment performance is included within the appendix. Please refer to the 'Charges and transaction costs' section for further supporting information.

Financial transactions

The Trustee has appointed Towers Watson Limited (WTW) to provide administration services for the Scheme.

WTW has a dedicated administration team in place to service the Scheme. All administration tasks are logged and automatically monitored by a workflow system that is managed by a senior member of the dedicated team. To help ensure work is accurate, complex administration tasks completed are peer reviewed. Time critical financial transactions are flagged and prioritised. The administrator has a separate contribution processing team that ensures investment and banking transactions are checked and fully reconciled. There is also a separate Treasury Team at WTW that monitors the Trustee's bank account on a daily basis.

Processing core financial transactions

The Trustee has an agreed Service Level Agreement (SLA) in place with WTW, which defines the agreed targets for the accurate completion of core financial transactions (such as contribution investments, investment switches, transfers and benefit payments) and all other Scheme administration tasks.

The table below shows a selection of core administration tasks and the agreed SLA the Trustee has in place with WTW:

Service Level Agreement (core tasks)

Task	SLA (days)
Contribution investment	5
Investment switches	5
Transfer-out payments	5

Task	SLA (days)
Benefit payments	5
Death payments	4
New entrants	5

SLAs are typically initiated from when all required information is received to process the task. The full range of tasks is extensive with SLAs between one and 20 days depending on the time sensitivity and complexity of the task. WTW aims to complete 95% of administration tasks within SLA.

The Pension Administration Team Leader reviews a workflow planning report on a daily basis to identify cases that are due to be processed. All priority cases identified from this report are highlighted to the Pension Administration Team to ensure in particular that core financial transactions are processed in a timely manner.

Monthly contributions are paid into the Trustee bank account by the end of each month. The units from these contributions are allocated and the funds reconciled between the fourth and seventh of the following month. The total amount of contributions due is checked against the cash received in the trustee bank account each month by the Treasury Team at WTW; any discrepancies are reported by the Treasury Team to Schlumberger's 'in house' Pensions Team and followed up promptly by WTW with Schlumberger's Pension Team until resolved. The Cash Management Team undertakes monthly reconciliations between contribution remittance and the payment schedule; any exceptions identified are reported and followed up promptly by the Team Leaders. In addition, as part of the Audit and Assurance Faculty (AAF) audit of WTW's administration controls and processes (which covered the period from 1 October 2021 to 30 September 2022), WTW's Auditor's (KPMG) commentary confirmed that controls tested were operating with reasonable effectiveness with no exceptions noted in any of the areas tested (including 'Authorising and processing transactions').

The processing of investment switches and transfers-in are fully automated via straight-through processing. Retirement and death claim payments, transfers-out and contribution processing are predominantly automated, with some manual oversight to facilitate checks and reconciliations.

WTW prepares detailed reports of performance against SLAs that are evaluated by the Trustee on a quarterly basis at each main Board meeting. These reports include full asset reconciliations, notification of any errors (and remedial actions) and commentary on any member complaints. This supports the Trustee in the effective monitoring of the SLA performance level.

Over the reporting period, case work was high and overall quarterly performance against SLAs ranged from 93% to 97%. This shows consistent strong performance following an excellent year in 2021 that ranged from 96% to 97%. The Trustee continues to monitor performance on a quarterly basis.

In addition to the formal quarterly administration monitoring process, the Schlumberger Pensions Team continues to hold weekly calls with the WTW Pension Administration Team to monitor and resolve any administration issues at an early stage.

Member data

WTW has continued to work closely with the Schlumberger Pensions Team on data cleansing activities, specifically ensuring that common and conditional member data is correct. The latest common data score is 90.40% and the latest conditional data score is 92.57%. This is slightly higher than the scores reported last year.

Conclusion

There were no material administration issues arising over the Scheme year. Based on this and the Trustee's regular monitoring of administration performance, the service levels achieved and their accuracy, the Trustee is satisfied that the Scheme's core financial transactions have been processed promptly and accurately during the Scheme year.

Charges and transaction costs

All PMF investment and administration costs are met by the Scheme sponsor on behalf of members. Members do not pay any charges. This is a defining feature of the Scheme in which all of the Scheme's DC assets are now invested (as at the end of the reporting period). In addition, the Trustee considers its robust governance approach, sophisticated investment design and dedicated communication and engagement strategy as key factors that ensure that members receive excellent value.

In June 2022, the Cameron Iron Works Retirement Benefits Plan (1974) was merged into the Scheme. As a result of this transaction, the Scheme acquired a small portfolio of legacy former Cameron Iron Works Retirement Benefits Plan Additional Voluntary Contribution (AVC) policies. These external AVC policies have only a handful of members and are the only DC elements of the Scheme where members paid charges (and this was limited to a part of the reporting period applicable to the Scheme). Shortly prior to finalising this Statement, the Trustee finalised the legal deeds to formally reassign the AVC policies to the Scheme Trustee - which will allow full access to the policy terms and conditions. The Trustee intends to work with its advisers to undertake a full review of the arrangements, including an assessment of member value. Details of the available costs and charges, including transactions costs are set out in Appendix B to this Statement.

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 require the Trustee to produce a 'pounds and pence' illustration showing the compounded effect of costs and charges. Recognising this, the Trustee has prepared illustrations in respect of the AVCs it now holds with Prudential and this can be found in Appendix C. The Trustee has not prepared a 'pounds and pence' illustration for the main fund range under the PMF as members do not pay any costs in relation to these funds.

Trustee Knowledge and Understanding (TKU)

The Trustee has a TKU process in place that enables it, together with professional advice, to exercise its function as Trustee of the Scheme. Collectively, the training programme ensures the Trustee Directors:

- Maintain sufficient knowledge and understanding of the law relating to pensions and trusts and the relevant principles relating to funding and investment.
- Have a working knowledge of the trust deed and rules, the SIP and all other associated documents setting out the Trustee's current policies.

The Trustee undertakes a formal TKU assessment (based on the expectations set out under the Regulator's current Code of Practice 07) at least once every three years. This is used to identify fundamental knowledge gaps and produce a training plan.

The Trustee undertook a formal TKU self-assessment during the reporting period in February 2022. This assessment was facilitated by the Trustee's advisers, WTW. The results of the assessment demonstrated an improvement in collective knowledge across all the areas assessed, when compared to the last exercise undertaken in 2019. The majority of topics recorded a collective level of 'good' or 'reasonable' knowledge. Where specific areas within each topic were identified as not as strong, or where there is a large variance of individual understanding of a particular subject, this was used by the Trustee's advisers to construct a training plan (an overview of topics identified and covered is set out in the table below).

Formal training is typically provided at each quarterly meeting based on the training plan and forthcoming topical items. Over the reporting period, DC and other related topics included:

Topic	Date	Provider	Overview
Buy-in/out transactions	9 February	WTW	Training on the Schemes buyout funding level, the difference between buy-ins and outs and their pros and cons.
Legal Update	11 May	Keystone Law	An overview of key pensions legislation and legal documents governing the scheme and also Trustee directors' personal liabilities and their protection.
Inclusion and Diversity	11 May	WTW	Training on what inclusion and diversity is, why it matters and the priorities for the Scheme.
Cyber Security	10 November	Schlumberger (Cyber Security team)	An overview of the cyber security landscape, cyber security threats, password security and the evolution of the Company's cyber security program.

Following the end of the reporting period, the Trustee has undertaken a further Trustee Effectiveness assessment, supported by its advisers, WTW, the results of which were presented in February 2023. The results were very positive and illustrate that collectively the Trustee Directors are very satisfied with the effectiveness of the Trustee Board. The results also show an improvement from the previous survey in 2019. Further details will be provided in next year's Statement.

The Trustee's wider approach to meeting the TKU requirements also includes:

- Maintenance of a Business Plan and a set of Key Performance Indicators (KPIs), which incorporates a framework for the Trustee's self-evaluation of performance and identification of any pertinent knowledge gaps by reference to the Pensions Regulator's Trustee toolkit. This process is collectively used as the basis for confirming that the Trustee and its advisers are properly performing their respective duties and also drives the agenda for formal training over the year. Over the Scheme year the Trustee reviewed its activities against the Business Plan at each Board meeting to ensure it remained on track to meet its objectives. This included work relating to benchmarking current governance practices against the Regulator's draft consolidated Code of Practice, addressing Board competency and diversity and continued progress embedding ESG factors into the Scheme's investment processes.

- New Trustee Directors' needs are assessed, and appropriate training is provided within the first six months, typically in conjunction with the Scheme's advisers. There were two new Directors appointed over the reporting period. This was Mr Rojas, Director of Trust Investments, who attended his first Trustee Board meeting in November 2022 and is currently completing his training and Mrs Peacock, a company nominated Trustee, who attended her first meeting in July 2022 and is currently undertaking her training. Mr Rojas's induction also included several months of handover working with the outgoing Director of Trust Investments. Christelle Labbe and Laura Donohoe also joined as a Trustee Directors in 2023, after the reporting period. All four new Trustee Directors are in the process of completing the Pensions

Regulator’s trustee toolkit and undertook a ‘legal aspects’ training session with CMS in June 2023.

- Training from advisers on topical items is provided quarterly in the form of ‘hot topics’ updates – with pertinent areas of focus highlighted. These areas are presented by advisers at Board meetings where Trustee Directors have the opportunity to ask questions and gain greater insight into the areas covered.

- All training and attendance at appropriate seminars is recorded within the minutes of the Board’s quarterly meetings and within the SUKPS Trustee Training Log.

- Key Scheme documents are reviewed by the Trustee and its advisers in line with the Business Plan schedule or sooner if required for a specific reason. During the reporting period, the Trustee has dedicated a significant resource to constructing its Effective System of Governance (ESOG) that includes a dedicated tool to monitor policies and their review schedule.

- All Scheme documents, including documents setting out the Trustee’s current policies and meeting papers etc. are available on a dedicated online Trustee site (OnePlace), to which all Trustee Directors have direct access.

- All established Trustee Directors have completed the Pensions Regulator’s trustee toolkit including the new module on pension scams.

- All Trustee Directors are encouraged to complete 15 hours of additional training per year (this is logged by the Trustee Secretary, actively monitored and reported on annually as a KPI).

- When considering Scheme design change, or ensuring legislative requirements are met, the Trustee consults the Scheme’s Trust Deed & Rules and associated documents and seeks appropriate professional advice. An example of this over the reporting period would be working closely with its advisers, WTW, to conduct a gap analysis of current governance protocols against the draft consolidated Code of Practice and expanding and documenting further policies where appropriate.

The Trustee also monitors effectiveness against the Scheme’s objectives by reviewing the Business Plan at each Trustee meeting, encouraging Trustee Director feedback and suggestions.

At its May meeting, the Trustee undertook training workshop with its advisers, covering Inclusion and Diversity and successful integration of a guiding principles framework into Scheme oversight. These principles would be considered both in terms Trustee Board development and member engagement.

At the end of the reporting period, the Board is comprised of 11 Directors covering four nationalities and an even split between active members of the Scheme and retirees. The Board has a broadly even gender balance and consists of Directors with significant experience in Human Resources (HR) and Finance as well as Legal, Communication, Quality and IT experts.

Further Board changes have been implemented in 2023, just after the end of the reporting period. Following a robust professional trustee selection process, which took account of inclusion and diversity principles to identify the most appropriate candidates, Law Debenture will be appointed to join the Board.

The Trustee is confident that the framework documented in this section of the Statement, in conjunction with the appropriate professional advice from its advisers, provide it with sufficient combined knowledge and understanding to properly exercise its function as Trustee of the Scheme.

This Chair’s Annual Governance Statement was approved by the Trustee and Signed by the Chair on behalf of the Trustee of the Scheme:

S. White

Date: 21st July 2023

Appendix A: Prudential AVCs net investment performance

The following investment returns of the Scheme’s AVC funds is net of any charges over the reporting period. In reporting the investment returns, the Trustee has reviewed and taken account of the DWP’s Statutory Guidance in this area.

Name	5 years (% pa)	1 year (%)
	Fund	Fund
Prudential S3 UK Equity Pen	1.4	-6.3
Prudential S3 Global Equity Pen	2.6	-4.8
Prudential With-Profits Cash Accumulation Fund	1.1	1.0
Prudential S3 Fixed Interest Plan	-3.7	-24.2
Prudential S3 Index-Linked Pen	-5.1	-37.6
Prudential Discretionary Pen	2.2	-9.2

Notes

Perfromance information has been provided by Prudential for the specific purposes of Chairman’s Statement reporting.

Appendix B: Prudential AVCs costs and charges information

The below **charges** comprise Annual Management Charges (AMCs) plus any additional fund expenses, such as custody costs, but exclude transaction costs; this is also known as the Total Expense Ratio (TER). The TER is paid by the members and is reflected in the unit price of the funds. The Trustee has taken account of the statutory guidance in providing this information.

The Trustee is also required to separately disclose **transaction cost** figures that are paid by members within the unit price of the funds. In the context of this Statement, the transaction costs shown are those incurred when the fund managers buy and sell assets within investment funds.

Fund	Charges % p.a.					Transaction costs %
	AMC	+	Expenses	=	TER	
Prudential UK Equity	0.75	+	0.01	=	0.76	0.01
Prudential Global Equity Pen	0.75	+	0.02	=	0.77	0.06
Prudential S3 Fixed Interest Pen	0.75	+	0.01	=	0.76	0.00
Prudential S3 Index-Linked Pen	0.75	+	0.01	=	0.76	0.44
Prudential S3 Discretionary Pen	0.75	+	0.05	=	0.80	0.11

Please note Prudential does not explicitly disclose cost and charges information for the With-profits Cash Accumulation Fund. The Trustee will work with its advisers to seek and obtain this information for next year's Statement.

A zero cost has been used where there are negative transaction costs (i.e. an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold). It is not expected that transaction costs will always be negative. It is important to note that using a negative or zero cost during any one scheme year may not accurately represent the actual transaction costs a member may expect to see in any future scheme year.

Appendix C - Illustration of the effect of costs and charges on a member's external Prudential AVC pension pot in today's terms

The illustration overleaf has been prepared in accordance with the relevant statutory guidance and reflects the impact of costs and charges for members who hold AVCs with Prudential based on the fund with the highest charge and the fund with the lowest charge. The illustration is projected to a Normal Retirement Age (NRA) of 65.

The illustration shows the projected fund values in today's terms based on certain assumptions before and after charges so that the potential impact of charges is clearly shown. The assumptions used are intended to model the behaviour of assets and market conditions over the long term. They are not meant to be reflective of the possible, or even likely, course of those investment markets in the short term. The return forecasts are not intended to imply, nor should be interpreted as conveying, any form of guarantee or assurance of the future performance of the funds in question, either favourable or unfavourable.

Example Member	Years to NRA	Prudential S3 Discretionary Pen		Prudential S3 Fixed Interest Pen	
		Before charges	After charges	Before charges	After charges
Youngest member (Age 52)	1	£9,200	£9,100	£9,100	£9,100
	3	£9,700	£9,400	£9,400	£9,200
	5	£10,200	£9,700	£9,700	£9,300
	10	£11,500	£10,500	£10,400	£9,700
	13	£12,400	£11,000	£10,900	£9,900

Assumptions and notes

1. Projected pension account values are shown in today's terms.
2. Costs/charges are shown as a monetary amount and reductions are made halfway through the year.
3. Annual investment returns, less costs/charges are assumed to be applied at the end of the year.
4. Charges and costs are deducted before applying investment returns.
5. Inflation is assumed to be 2.5% each year.
6. No additional contributions are assumed.
7. Values shown are estimates and are not guaranteed.
8. The real projected growth rate for the Prudential S3 Discretionary Pen is 2.5% p.a.
9. The real projected growth rate for the Prudential S3 Fixed Interest Pen is 1.5% p.a.
10. Transaction costs and other charges for the period have been provided by Prudential
11. Normal Retirement Age (NRA) is 65.

12. Example member
    - Youngest member (in line with statutory guidance): age 52, starting fund value: £9,000 (no further contributions)

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 the Occupational Pension Schemes (Investment) Regulations 2005 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 2010.

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 on a self-sufficiency basis 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.

As a result of market movements during 2020 and 2021, the funding position of the Scheme on a Technical Provisions (TP) basis improved and the de-risking triggers, as defined in the Scheme's De-risking Rule Book (see Appendix 2), were met. This resulted in an acceleration of the Growth Portfolio de-risking beyond the 2021 closing allocation as set out in the table below. During 2022 the extreme market movements in interest rates meant the value of the matching assets fell substantially and led to further de-risking of the growth portfolio being undertaken in order to provide liquid collateral to support the Scheme's LDI hedge. As a result at 31st December 2022 the actual allocation is approximately 1 year behind the target set within the CAF Agreement.

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 As per the CAF Agreement, the overall allocation to the Growth Portfolio and the Matching Portfolio is expected to evolve from 2021 as follows:

Year[1]	Growth Portfolio	Matching Portfolio
2021	54.1%	45.9%
2022	50.9%	49.1%
2023	47.7%	52.3%
2024	44.5%	55.5%
2025	41.4%	58.6%
2026	38.2%	61.8%
2027	35.0%	65.0%
2028	31.8%	68.2%
2029	28.6%	71.4%
2030	25.5%	74.5%
2031	22.3%	77.7%
2032	19.1%	80.9%
2033	15.9%	84.1%
2034	12.7%	87.3%
2035	9.5%	90.5%

[1] Allocations shown are targets for the end of the calendar year, so the target is for the Scheme to be invested 100% in matching assets by the end of 2038.

2036	6.4%	93.6%
2037	3.2%	96.8%
2038	0.0%	100.0%
Thereafter	0.0%	100.0%

Following the market movements in 2022 and the pending investment strategy review, the above table will only be used as a guide for the possible long-term strategic asset allocation across the period until 2038.

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 December 2022.

Asset Class	Allocation %	Asset Allocation %	Min/Max Variation %
Growth Portfolio	54.1		
Private Equity		30.0	-/+ 5.0
Property		13.0	-/+ 2.5
Direct Lending		25.0	-/+ 5.0
Distressed Debt		9.0	-/+ 2.5
Commercial Real Estate Debt		7.0	-/+ 2.5
Semi Liquid Credit		16.0	-/+2.5
		100.0	
Matching Portfolio	45.9		
UK government bonds/LDI		55.0	-/+ 5.0
Asset Backed Securities		25.0	-/+5.0
Semi Liquid Credit		20.0	-/+ 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

24 July 2023

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

Date

G. Park

24th July 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%