

Perenco UK Pension Plan

Statement of Investment Principles

December 2023

Contents

1. Introduction	3
2. Choosing investments	3
3. Investment objectives	3
4. Kinds of investments to be held	4
5. The balance between different kinds of investments	4
6. Risks	4
7. Expected return on investments	5
8. Realisation of investments	5
9. Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities	6
10. Policy on arrangements with asset managers	6
11. Agreement	6
Appendix 1	
1. The balance between different kinds of investment	7
2. Choosing investments	7
3. Investments and disinvestments	8

1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustee of the Perenco UK Pension Plan (“the Plan”). This statement sets down the principles which govern the decisions about investments that enable the Plan to meet the requirements of:
 - the Pensions Act 1995, as amended by the Pensions Act 2004; and
 - the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010
 - the Occupational Pension Schemes (Investment) (Amendment) Regulations 2018.
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. In preparing this statement the Trustee has consulted Perenco UK Limited, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustee’s investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities.
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.
- 1.4. The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.5. The investment powers of the Trustee are set out in Clause 2.5 of the Definitive Trust Deed & Rules, dated 17 March 2011. This statement is consistent with those powers.

2. Choosing investments

- 2.1. The Trustee’s policy for the Plan is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustee considers the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.
- 2.2. The Trustee has secured a bulk annuity policy with Just Retirement Limited (“Just”). Just is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
- 2.3. The Trustee reviews the appropriateness of the Plan’s investment strategy on an ongoing basis. The Trustee will consult with the employer before amending the investment strategy.

3. Investment objectives

- 3.1. The Trustee has discussed key investment objectives in light of an analysis of the Plan’s liability profile as well as the constraints the Trustee faces in achieving these objectives.
- 3.2. The Trustee’s main investment objectives for the Plan:
 - to ensure that the Plan can meet the members’ entitlements under the Trust Deed and Rules as they fall due;
 - to invest in assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from the participating employer, the cost of current benefits which the Plan provides;

- to reduce the risk of the assets failing to meet the liabilities over the long term;
 - to minimise the long-term costs of the Plan whilst having regard to the above objectives.
- 3.3. The Trustee is aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Plan's liabilities. The Trustee has secured a bulk annuity which covers the benefits due to all members, subject to final adjustments in due course.

4. Kinds of investments to be held

- 4.1. The Plan is permitted to invest in a wide range of assets including equities, bonds, cash, property, alternatives and annuity policies.
- 4.2. As the Plan's investments consist entirely of the bulk annuity policy, there should be minimal (if any) employer-related investment content within the Plan's portfolio. Any check would typically be carried out annually by the Plan's auditor.

5. The balance between different kinds of investments

- 5.1. The Plan invests in assets that are expected to achieve the Plan's objectives. The allocation between different asset classes is contained within Appendix 1 to this Statement.
- 5.2. The Plan holds a bulk annuity policy which is expected to meet the benefit entitlements of each of the Plan's members, subject to final adjustment in due course. The remainder of the Plan's assets are held in cash in the Plan's bank account.
- 5.3. The nature of the bulk annuity policy means that the insurer will meet cashflow requirements in respect of benefit payments. The Trustee expects any fees and other expenses to be met using the existing bank reserves held and, where relevant, contributions from the Employer.
- 5.4. From time to time the Plan may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate for any short-term cashflow requirements or any other unexpected items.

6. Risks

- 6.1. The Trustee has considered the following risks for the Plan with regard to its investment policy and the Plan's liabilities, and considered ways of managing/monitoring these risks:

Risk versus the liabilities	The risk of the assets behaving differently from the Plan's liabilities has largely been mitigated by purchasing an annuity policy that exactly matches the benefit payments due, subject to final adjustment in due course.
Covenant risk	The creditworthiness of the employer and the size of the pension liability relative to the employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
Asset allocation risk	The asset allocation is detailed in Appendix 1 to this Statement and is monitored on a regular basis by the Trustee.
Liquidity risk	Responsibility for providing the monies to pay member benefits lies with the insurer as the provider of the bulk annuity policy, which mitigates the majority of the potential liquidity risk.
Investment manager risk	The Plan's main asset is the annuity policy held with Just and there is no exposure to investment manager risk in relation to this asset.
Concentration risk	In relation to the bulk annuity policy, it is the insurer's discretion how the underlying assets are invested and the insurer bears the risk in relation to the assets' performance.
ESG/Climate risk	The Trustee has considered long-term financial risks to the Plan and ESG factors as well as climate risk are potentially financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Plan's investments in order to avoid unexpected losses.
Loss of investment	The biggest risk is in relation to the bulk annuity policy. In the event of the insurer becoming insolvent, the Plan could suffer losses (but would still retain the liability to pay members' benefits). This risk is mitigated by the regulatory regime and capital requirements in place for UK insurers. The Trustee has carried out due diligence on the insurer.

7. Expected return on investments

- 7.1. The Trustee has regard to the relative investment return and risk that each asset class is expected to provide. The Trustee is advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.

8. Realisation of investments

- 8.1. The Plan's main investment is an annuity policy which is not readily realisable but is structured so as to pay benefits to members as they fall due.

9. Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities

- 9.1. The Trustee believes that Environmental, Social and Governance (“ESG”) factors are financially material – that is, they have the potential to impact the value of the Plan’s investments from time-to-time. As the Trustee has secured benefits with an insurance company, incorporating Environmental, Social and Governance (ESG) factors is at Just’s discretion.
- 9.2. The responsibility for the exercising of rights (including voting rights) attaching to the bulk annuity policy belongs to Just.
- 9.3. The Trustee does not consider any non-financial matters when constructing the investment strategy and/or when selecting or reviewing fund managers.

10. Policy on arrangements with asset managers

- 10.1. The Trustees is required by legislation to have a policy covering various aspects of the Plan’s arrangement with the asset managers through which the Plan invests. This is no longer applicable, as the Plan does not invest with any asset managers.

11. Agreement

- 11.1. This statement was agreed by the Trustee, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the investment managers, the actuary and the Plan auditor upon request.

Agreed on behalf of the Perenco UK Pension Plan

Date:.....

Appendix 1 Note on investment policy of the Plan in relation to the current Statement of Investment Principles dated December 2023

1. The balance between different kinds of investment

The Plan has a strategic asset allocation as set out in the table below.

Asset class	Allocation (%)
Just Retirement annuity policies	100.0
Total	100.0

The Plan will also hold cash in the bank account to cover fees and other expenses, as required.

2. Choosing investments

The Trustee has secured an insurance contract in respect of the Plan's liabilities with Just Retirement Limited ("Just") who is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

The Trustee has appointed Barnett Waddingham LLP to advise on investment matters.

3. Fee Agreements

There are no ongoing fees in respect of the Just annuity policies.

Barnett Waddingham are remunerated on a fixed fee and time cost basis depending on the work carried out.

4. Kinds of investments to be held

The Trustee has considered all asset classes and has gained exposure to the following asset classes:

- Annuity policies; and
- Cash

5. Realisation of investments

The annuity policies have been structure to provide sufficient income to meet all benefit payments as they fall due, subject to final adjustments in due course. Therefore, the Trustee does not foresee any need to surrender (i.e. realise) the value of its annuity policies. However, in such an event, the Trustee will take appropriate advice before making any decisions. The Trustee expects any fees and other expenses to be met using the existing bank reserves and, where relevant, contributions by the Employer.