Occidental of Algeria LLC Pension Scheme ("the Scheme")
Statement of Investment Principles ("SIP")

1. INVESTMENT OBJECTIVE

The Trustee aims to invest the assets of the Scheme prudently with the intention that the benefits promised to members are provided. In setting the investment strategy, the Trustee first considered the lowest risk asset allocation that they could adopt in relation to the Scheme's liabilities. The asset allocation strategy they have selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Scheme's liabilities.

2. INVESTMENT STRATEGY

The current planned asset allocation strategy is detailed in the table below. The Trustee will monitor the actual asset allocation versus the target weight and the ranges set out in the table and will adjust them as and when they feel necessary.

Asset Class	Invested Assets (excluding buy-ins)		*Notional allocation (including buy-ins) (%)*
	Target Allocation (%)	Control Ranges (%)	
Passive Equity (hedged)	6.0	4.5 - 7.5	*4.0*
Passive Equity (unhedged)	6.0	4.5 - 7.5	*4.0*
Liability Driven Investment (LDI) Cash	61.0	55.5 - 66.5	*39.0*
Corporate Bonds	27.0	24.5 - 29.5	*18.0*
Annuities			*35.0*

In addition to the Invested Assets set out above, the Trustee has secured a Pensioner "Buy-in" policy with Just Retirement (established in January 2015) and two Pensioner "Buy-in" policies with Canada Life (established June 2017 and November 2021). The policies are intended to "match" the liabilities of the [then] existing pensioners. A notional allocation allowing for these annuities is also shown in the table.

The Trustee invests the assets of the Scheme with regard to the actuarial characteristics of the Scheme, in particular the strength of the funding position and the liability profile. The Trustee's policy is to make the assumption that equities and other growth assets will outperform gilts over the long term, however, the Trustee recognises the potential volatility in equity and other growth asset returns, particularly relative to the Scheme's liabilities, and the risk that fund managers may not achieve the targets set.

When choosing the Scheme's planned asset allocation strategy, the Trustee considered written advice from its investment advisers and, in doing so, addressed the following:

- The need to consider a full range of asset classes, invested both domestically and globally.
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.

The Trustee has implemented an LDI solution with LGIM which has been designed to broadly match the maturity profile of the Scheme's liabilities (on a gilts flat basis) and reduce the impact of changes in gilt yields and inflation expectations on the Scheme's funding level. The LDI solution will be updated triennially to reflect the new membership data and assumptions from each actuarial valuation, or upon there being a material change to the liabilities.

In addition, the Trustee also consulted with the sponsoring employer when setting this strategy. In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include the risk that environmental, social and governance factors including climate change may impact investment returns. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

3. RISK

The Trustee maintains a 'Statement of Funding Principles' which specifies that the funding objective is to have sufficient and appropriate assets so as to make provision for 100% of the technical provisions as determined by an actuarial calculation.

The Trustee recognises that the key risk to the Scheme is that it has insufficient assets to make provisions for its liabilities ("funding risk"). The Trustee has identified a number of risks which have the potential to cause a deterioration in the Scheme's funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustee and its advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities ("cash flow risk"). The Trustee will manage the Scheme's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustee ("manager risk"). This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustee and its advisers considered this risk when setting the Scheme's investment strategy.
- The possibility of failure of the Scheme's sponsoring employer ("covenant risk"). The Trustee considered this risk when setting the investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.
- The risk that environmental, social and governance factors including climate change may impact investment returns. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during such reviews.

The Trustee's policy is to monitor these risks periodically, where possible. The Trustee receives periodic reports showing:

- Actual funding level versus the Scheme specific funding objective.
- Performance versus the Scheme investment objective.
- Performance of individual fund managers versus their respective targets.
- Any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

4. IMPLEMENTATION

Aon has been selected as investment adviser to the Trustee. They operate under an agreement to provide a service which ensures the Trustee are fully briefed to take decisions themselves and to monitor those they delegate. Aon is paid an annual fee for an agreed range of services needed on a regular basis. Any additional services falling outside the agreed upon range of service will be charged for separately. This structure has been chosen to ensure that cost-effective, independent advice is received.

The fund manager structure and the investment objectives for each fund are as follows:

Fund Manager	Mandate	Fund	LGIM Fund's Investment Objective
Legal & General Investment Management Ltd	Equities	World Equity Index Fund (Primary)	To perform in line with FTSE World Net Tax (UKPN) to within +/- 0.5% p.a. for two years out of three.
		World Equity Index Fund (GBP currency hedged)	To perform in line with FTSE World Net Tax (UKPN) – GBP hedged to within +/- 0.5% p.a. for two years out of three.
	Corporate Bonds	AAA-AA-A Over 15 Year Bonds Index Fund	To perform in line with the Markit iBoxx £ Non-Gilts 15+ Years ex BBB Total Return Index to within +/- 0.5% p.a. for two years out of three.
	LDI Funds	A combination of leveraged and unleveraged gilt and LDI funds	To perform in line with the liabilities, as valued on an economic (gilts+0%) basis.
	Cash	Sterling Liquidity Fund	Provide a competitive return in relation to SONIA.

The Trustee has delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to the relevant fund manager through a written contract. When choosing investments, the Trustee and the fund 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 (regulation 4) and amendments to date.

Arrangements with asset managers

The Trustee monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee is supported in this monitoring activity by their investment adviser.

The Trustee receives regular reports and verbal updates from the investment adviser on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme objectives and assesses the asset managers over a variety of periods, emphasising longer term performance i.e., 3 years where possible.

The Trustee and investment adviser review stewardship reports and qualitative data on an annual basis on the monitoring and engagement activities carried out by their asset manager, which supports the Trustee in determining the extent to which the Scheme's engagement policy has been followed throughout the year.

Before appointment of a new asset manager, the Trustee reviews the governing documentation associated with the investment and considers the extent to which it aligns with the Trustee's objectives. Where possible, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Scheme invests in a collective vehicle, then the Trustee will express their expectations to the asset managers by other means (such as through a side letter, in writing, or verbally at trustee meetings).

The Trustee believes that having appropriate governing documentation, setting clear expectations to the asset managers by other means (where necessary), and regular monitoring of asset managers' performance and investment strategy, are in most cases sufficient to incentivise the asset managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where asset managers are considered to have made decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically ask the investment adviser to first engage with the manager on their behalf but could ultimately replace the asset manager where this is deemed necessary.

There is typically no set duration for arrangements with asset managers, although the continued appointment for all asset managers will be reviewed periodically, and at least every three years.

Stewardship – Voting and Engagement

The Trustee accepts responsibility of the stewardship activities carried out by its investment managers on its behalf, including the casting of votes in line with each manager's respective voting policies. As part of their delegated responsibilities, where appropriate, the Trustee expects the Scheme's investment managers to:

- Engage with investee companies with the aim to protect and enhance the value of assets; and
- Exercise the Trustee's voting rights in relation to the Scheme's assets.

The Trustee recognises the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as ultimately this creates long-term financial value for the Scheme and its beneficiaries.

The Trustee regularly reviews the continuing suitability of the Scheme's appointed asset managers and take advice from their investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustee has set out in their policy, the Trustee may ask the investment adviser to engage with the manager and seek a more sustainable position and potentially look to replace the manager.

From time to time, the Trustee will consider with their investment adviser the methods by which, and the circumstances under which, they would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme’s investment strategy the Trustee does not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]).

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

Cost Monitoring

The Trustee is aware of the importance of monitoring their asset managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustee recognises that in addition to annual management charges, there are other costs incurred by asset managers that can increase the overall cost incurred by their investments.

The Trustee expects all of the Scheme's fund managers to provide them with full cost transparency in line with industry standard templates. Prior to their appointment, the Trustee expects fund managers to confirm their adherence to providing this information.

The Trustee assesses the performance of their fund managers on a quarterly basis and the remuneration of the fund managers on an annual basis. On an annual basis, all of the fund managers are asked to provide details of the costs incurred in managing the Scheme's assets, using industry disclosure templates. These costs include portfolio turnover costs (transaction costs). Where the disclosed costs are out of line with expectations, the managers will be asked to explain the rationale, including why it is consistent with their investment strategy.

Portfolio Turnover

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager's style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class' characteristics and manager's style and historic trends. Where the Trustee's monitoring identifies a lack of consistency the mandate will be reviewed.

Targeted portfolio turnover is defined as the expected frequency with which each underlying fund manager's fund holdings change over a year. The Scheme's investment adviser monitors this on behalf of the Trustee as part of the manager monitoring they provide to the Trustee and flags to the Trustee where there are concerns.

Evaluation of performance and remuneration

The Trustee and investment adviser regularly assess the (net of costs) performance of their managers against benchmark on a rolling three-year (and shorter term) basis.

Annuity Providers

The Trustee has purchased insurance contracts from Just Retirement Limited and Canada Life Limited. These insurance contracts ('Buy-ins') are agreements for Just Retirement Limited and Canada Life Limited to pay the Scheme an amount equivalent to the liabilities as they fall due for a select number of Pensioners. The Buy-ins protect the Scheme from the interest rate, inflation and longevity risk associated with the pensioner population covered by the policies.

5. GOVERNANCE

The Trustee is responsible for the investment of the Scheme's assets. The Trustee takes some decisions themselves and delegates others. When deciding which decisions to take themselves and which to delegate, the Trustee has taken into account whether they have the appropriate training and expert advice in order to take an informed decision. The Trustee has established the following decision-making structure:

Trustee

- Sets structures and processes for carrying out their role.
- Selects and monitors planned asset allocation strategy.
- Monitors actual returns versus the Scheme's investment objective.
- Selects and reviews direct investments (see below).

Investment Adviser

- Advises on all aspects of the investment of the Scheme's assets, including implementation.
- Advises on this SIP.
- Provides required training.

Fund Managers

- Operates within the terms of this SIP and their written contracts.
- Selects individual investments with regard to their suitability and diversification.
- Comments, where applicable, on the suitability of the indices in their benchmark.

6. DIRECT INVESTMENTS

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments.**

The Trustee's policy is to review their direct investments and to obtain written advice about them annually. These include vehicles available for members' AVCs. The Scheme's AVC fund options are set out in the Appendix. When deciding whether or not to make any new direct investments, the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this SIP. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustee's investment adviser has the knowledge and experience required under the Pensions Act 1995.

The Trustee expects the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this SIP so far as is reasonably practicable.

The fund managers are remunerated based on the average assets they manage on behalf of the Scheme. The level of remuneration paid to the fund managers is reviewed regularly by the Trustee against market rates to ensure the fund managers' interests are aligned with those of the Scheme. In addition, the fund managers pay commissions to third parties on many trades they undertake in the management of the assets, and they also incur other ad hoc costs.

The Trustee will review this SIP at least every three years and immediately following any significant change in investment strategy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

APPENDIX – AVC Fund Options

Investment Fund	Performance Target	Benchmark Index
Prudential Global Equity Fund	To outperform the benchmark by 1.0% p.a. (before charges) over rolling 3-year periods	Composite Benchmark (actively managed with a benchmark of 60% in UK equities and 40% in overseas equities)
Prudential International Equity Fund	To outperform the benchmark by 1.0% p.a. (before charges) over rolling 3-year periods	Internal composite benchmark, asset allocation set by the M&G Treasury & Investment Office
Prudential UK Equity Fund	To outperform the benchmark by 0.75%-1.0% per year (before charges) over rolling 3-year periods	FTSE All Share Index
Prudential Discretionary Fund	To outperform the benchmark by 1.15%-1.40% per year (before charges) over rolling 3-year periods	Internal composite benchmark, asset allocation set by the M&G Treasury & Investment Office
Prudential Fixed Interest Fund	To outperform the benchmark by 0.75% p.a. (before charges) over rolling 3-year periods	iBoxx Sterling Gilts Index
Prudential Index-Linked Fund	To outperform the benchmark by 0.75% p.a. (before charges) over rolling 3-year periods	iBoxx UK Gilt Inflation-Linked Over 5 Years Index
Prudential Cash Fund	To perform in line with the benchmark before charges on a rolling three year basis	Sterling Overnight Index Average (SONIA) 1 Week
Prudential Dynamic Global Equity Passive Fund	To deliver long term (more than five years) growth by investing in underlying funds, offered by M&G plc and/or external fund managers, that track UK and overseas equities	Internal composite benchmark set by the M&G Treasury & Investment Office
BlackRock Aquila World (ex UK) Equity Fund	To achieve investment return in line with the benchmark index before charges	FTSE All World Developed ex-UK Index
BlackRock Aquila UK Equity Index Fund	To achieve investment return in line with the benchmark index before charges	FTSE All Share Index
BlackRock Aquila Consensus Fund	To achieve a total return for investors	Blackrock Aquila Life Consensus Custom Index
BlackRock Aquila Over 15 Years UK Gilt Index Fund	To achieve investment return in line with the benchmark index before charges	FTSE Actuaries UK Conventional Gilts Over 15 Years Index
BlackRock Aquila All Stocks Corporate Bond Index Fund	To achieve investment return in line with the benchmark index before charges	iBoxx Sterling Non-Gilts Index
Prudential Dynamic Growth IV Fund	To achieve long term growth for investors	Internal composite benchmark, asset allocation set by the M&G Treasury & Investment Office
Prudential With-Profits Fund	To offer competitive long term returns whilst smoothing the peaks and troughs of day-to-day market movements	n/a