# OFP BP PENSIOENFONDS

## ANNUAL REPORT

for the year ended 31 December 2023

# Tabel of contents

# 1. Governance

## 1.1 General Assembly

The General Assembly has tasks and responsibilities laid down in the Belgian IORP Act of 27 October 2006. It is composed of the sponsoring undertakings only.

On 31/12/2023 the composition of the General Assembly was as follows :

| Country | General Assembly member | Dedicated representative | |
|---|---|---|---|
| Belgium | BP Europa SE - BP Belgium | Laureys | Inge |
| | Castrol Belgium BV | Laureys | Inge |
| | Castrol (Ireland) Ltd. | Reading | Gary |
| Ireland | Castrol (Ireland) Ltd. | Reading | Gary |
| Switzerland | BP Europa SE, Hamburg, ZN BP (Switzerland) Baar | Zemp | Markus |
| Spain | Castrol España S.L.U. | Molinero | Carlos |
| | BP Energia España S.A.U. | Molinero | Carlos |
| | BP España S.A.U. | Molinero | Carlos |
| Cyprus | BP Eastern Mediterranean Limited | Photiou | Stavros |
| Netherlands | BP Europa SE - BP Nederland | Tan | Adrian |
| | BP Rafinaderij Rotterdam BV | Tan | Adrian |
| | Castrol Nederland BV | Tan | Adrian |

In April 2023, Gary Reading replaced Pete Watt as dedicated representative of Castrol (Ireland) Ltd. Also, in the course of 2023 the name of the Swiss company has changed to BP Europe SE, Hamburg, Zweigniederlassung BP (Switzerland) **Baar** instead of Zug

## 1.2 Board of Directors

The Board of Directors is responsible for the overall strategy and operational functioning of the Fund. It can delegate certain non-strategic tasks to other operational bodies.

On 31/12/2023, the Board of Directors of the Fund consisted of:

- Besemer Frank — BP C.O.D. Unit Lead, Netherlands
- Horner Giles — BP Treasury, UK
- van Tilborg Peter-Paul — BP Reward, Netherlands
- Wilder Rupert — BP Reward, UK
- Pieters Vanessa — BP P&C, Belgium

Rupert Wilder has been re-appointed as a Board member by the General Assembly of 15 June 2023 for another period of 6 years as from 1 October 2023 until 30 September 2029.

Nexyan (a Belgian company of consultants specialized in the provision of services in the field of employee benefits) carries out the secretarial tasks of the Board of Directors.

## 1.3 Daily Management Committee

The Board of Directors delegated all tasks related to the daily management of the Fund to the Daily Management Committee. The Daily Management Committee can take decisions related to matters of daily management.

On 31/12/2023 the composition of the daily management committee was as follows :

- Peter-Paul van Tilborg
- Vanessa Pieters
- Nexyan

Nexyan carries out the secretarial tasks of the daily management committee.

## 1.4 Investment Sub-Group

The Investment Sub-Group (ISG) is an advisory body to the Board. It is not an operational body since it has no decision-making power.

On 31/12/2023 its composition was as follows :

- Giles Horner
- Peter-Paul van Tilborg
- Don Kettering
- Michael Cheung

WTW usually participates to the ISG meetings in its capacity of investment consultant to the Fund. Nexyan carries out the secretarial tasks of the ISG.

## 1.5 Key documents

In 2023 there were no changes to the core text of the SIP ("Statement of Investment Principles") . However, the dynamic interest rate hedging table mentioned in the Dutch section has been changed to include an intermediate level of 85% interest rate hedging. To implement this change an instruction letter has been sent to BNPP AM, as approved by the Board of Directors on 23 November 2023 and ratified by the General Assembly on 7 December 2023.

The financing plan was amended, mainly to reflect certain changes in the actuarial assumptions to be used (Board decision of 23 November 2023 ratified by the General Assembly on 7 December 2023). This changed entered into force on 1 January 2023.

## 1.6 Governance documents

All governance documents were updated in the course of 2021. No further updates were made in the course of 2023. The governance documents will be reviewed in 2024, as part of the triennial review of the governance system.

## 1.7 (Key) function holders

The Compliance Officer, Mrs. Vanrespaille Lore from Mercer, presented her report at the Board meeting of 25 May 2023. The compliance review was mainly focused on the legislative changes in the different countries and the annual checks. Moreover, the Compliance Officer also made a gap analysis of the contracts with ICT Third Party Providers in terms of DORA requirements.
The Internal Auditor, Mr Verbelen Wim from BDO together with Mrs Peeters Imke presented the internal audit report at the Board meeting of 25 May 2023. The Internal Audit review was mainly focused on cyber security and business continuity on the one hand and included an ESG/SFDR/Taxonomy readiness assessment on the other hand.

No major issues were identified by the Compliance Officer nor the Internal Auditor. The Board has implemented most of the recommendations and will in due course take into consideration the findings of the Compliance Officer regarding the DORA clauses to be inserted in the contracts with the ICT Third Party Providers.

The actuarial function holder, Mr. Verkest Thierry from Aon, presented his report to the Board at the meeting of 25 May 2023. The actuarial function concluded that the calculations are in line with the financing plan, are sufficiently prudent and that overall no issues were to be reported.

The Risk Manager, Mr. Verkest Thierry, left AON in October 2023. He was succeeded by his colleague, Mr. Borremans Gert, who was appointed by the Board at its meeting of 23 November 2023 under the condition precedent of the approval by the FSMA. Mr Borremans Gert presented his report to the Board at the meeting of 23 November 2023. He concluded that overall the risks are mitigated and under control. Some operational improvements are ongoing. The Risk Manager made a few recommendations, which the Board has mostly implemented or is in the process of doing so (eg updating the Operational Manual, including a run-off scenario in the continuity test in 2024, etc.).
Mr Borremans Gert also took over the actuarial function left vacant after the departure of Mr Verkest Thierry, under the condition precedent of the approval by the FSMA.

The DPO (Data Protection Officer), Mr. Claes Simon from BDO, presented his annual report at the Board meeting of 23 November 2023. He made a few recommendations which the Board has mostly implemented.

# 2. Pan-European structure

## 2.1 Country Sections

This report includes the information for Belgium (*), Ireland, Switzerland, Spain, Cyprus and The Netherlands. During 2023 no new Country sections were added.

(*) The Belgian section is further divided in three sections since 2021:
- BP Europa SE-BP Belgium section
- Castrol Belgium section
- Castrol Ireland section

## 2.2 Country Committees

In 2023 :

- The **Belgian** Country Management Committee was composed as follows

  - Pieters Vanessa
  - Nexyan

Moreover, the works council is regularly informed and/or consulted in matters related to the execution of the Belgian pension plans by the OFP. Over 2023, it was informed twice about the performance of the Fund in general and the Belgian sections in particular. It was consulted on a minor change in one of the pension plans.

- the **Irish** Country Management Committee was composed as follows: :

  - James Matthews (Chairman)
  - Andrew Hayes
  - David Blayney
  - Shay Darby

- the **Swiss** Country Management Committee was composed as follows:

  - Discontinued

- the **Spanish** Control Committee of BP Energia Espana S.A.U., was composed as follows:

  - Vicente Mut Badenes (Chairman)
  - Rocío Baena Balmaseda
  - Paloma Corella Temprano
  - Darío Carrero Gallego

- José Camacho Romero
- David Bernal Vicente
- Vicente Bonachera Forner
- Ibón Diez-Caballero Pascual

- the **Cyprus** Country Management Committee was composed as follows: :

  - Stavros Photiou (Chairman)
  - Koulla Nicolaou
  - Georgia Nicolaou
  - Savvas Marselli
  - Avgi Aresti

- the **Dutch** Country Management Committee was composed as follows:

  - van Tilborg Peter-Paul (Chairman)
  - Besemer Frank
  - Gunnewijk Sjoerd
  - Zantman Ed
  - Koole Paul
  - Vercoulen Paul
  - Nico Bergmans

# 3. Pension Schemes

## 3.1 List of Pension Schemes

**BP GROUP BELGIUM**

§ ***Defined benefit pension schemes:***

- BP Basic Scheme (white-collar)
- Ex-BP Basic Scheme (white-collar) - closed
- BP Basic Scheme (blue collar) - Oil sector – closed
- Castrol Basic Scheme (blue collar) - Oil sector – closed

§ ***Defined contribution scheme (with interest guarantee)***

- Ex B -BP Supplementary Scheme (white-collar) - closed

§ ***Cash Balance pension schemes:***

- BP Basic Scheme (blue collar) - Chemical sector - closed
- BP Supplementary Scheme (white collar) - Chemical sector – closed
- BP Supplementary Scheme (white collar) – Oil sector – closed

- MIP Saving Plan - Oil sector
- BP Basic Scheme (blue collar) - Oil sector - closed
- Castrol Basic Scheme (blue collar) - Oil sector
- BP Welcome structure (onthaalstructuur – structure d'accueil) Scheme – All Belgium

**BP GROUP IRELAND**

§ ***Defined benefit pension schemes:***

- Non-Contributory Pension Scheme - closed

**BP GROUP SWITZERLAND**

§ ***Defined benefit pension scheme:***

- Foseco Pension Scheme - closed

**BP GROUP SPAIN**

§ ***Defined contribution scheme (without interest guarantee):***

- BP España Pension Scheme
- BP Energia España Pension Scheme (including integration of the collective of participants from BP Oil Refinería de Castellón)
- Castrol España S.L. Pension Scheme

§ ***Defined benefit scheme:***

- BP Energia España DB Pension Scheme – closed

**BP GROUP CYPRUS**

§ ***Defined benefit schemes:***

- BP Eastern Mediterranean Non-Contributory Scheme
- BP Eastern Mediterranean Retirement Benefits (Differential) Scheme
- BP Eastern Mediterranean Guaranteed Value of the Provident Scheme

§ ***Defined contribution scheme (without interest guarantee):***

- BP Eastern Mediterranean Provident Scheme

**BP GROUP NETHERLANDS**

§ ***Defined benefit schemes:***

- 1991 BP Raffinaderij Rotterdam BV (DB Closed Plan) – BPRAF section
- 1998 BP Nederland (DB Closed Plan) – BP NL section
- 2002 BPNL (DB & DC Closed Plan) – BP NL section
- 2003 BP Raffinaderij Rotterdam BV (DB Closed Plan) – BPRAF section
- 2006 BP Europe SE – BP Nederland (DB & DC Closed Plan) – BP NL section
- 2006 BP Raffinaderij Rotterdam BV (DB & DC Closed Plan) – BPRAF section
- VPL transitional plan addendum II of "pensioenreglement 2006 BP Raffinaderij Rotterdam B.V"

- 2015 BP Raffinaderij Rotterdam BV & BP Europe SE – BP Nederland (DB & DC Closed Plan)

§ ***Defined contribution scheme (without interest guarantee):***
- 2015 BP Raffinaderij Rotterdam BV & BP Europe SE – BP Nederland DC Plan
- 2015 BP Raffinaderij Rotterdam BV & BP Europe SE – BP Nederland Netto Pensioenreglement

The use of 'closed' here means no entry of new members.

## 3.2 Changes to the pension scheme rules

During 2023 no changes were made to the pension rules for Ireland, Switzerland or Cyprus.

In the pension plan rules for the Netherlands there were a few changes concerning the flexible factors and the definition of partner. Moreover, the yearly parameters were updated.

In the Spanish plan rules of BP Energia Espana, S.A.U. annex 4 has been changed, regarding the bi-annual check of the minimum pension plan contribution.

An annex was concluded to the Belgian pension plan rules for blue-collar workers, effective January 1, 2024. That annex changed the occupational pension contribution for the Belgium Lubes Plant Gent branch, in accordance with the collective bargaining agreement concluded on Oct. 10, 2023. Moreover, in the "ex-aanvullend plan" a small change related to the interest rate applicable to advances entered into force on 1 January 2023.

# 4. Funding position & compliance with the financing plan

## 4.1 DB scheme sections

Note: in this section and the following ones, the figures or amounts between brackets are those relative to the previous financial year.

**At the end of 2023 the Fund meets the overall legal minimum funding requirements as determined in the Financing Plan.** The actuarial assumptions used by the Fund for each country section were reviewed, discussed and updated.

The discount rate is differentiated per country 'SEDR' ('Single Equivalent Discount Rate'):

| | | | |
|---|---|---|---|
| - Belgium BP ESE | 3.27% (3.78%) | - Ireland | 2.45% (2.87%) |
| - Belgium CAS BE | 3.27% (3.80%) | - Switzerland | 2.81% (3.36%) |
| - Belgium CAS IE | 2.91% (3.46%) | - Spain | 2.91% (3.46%) |
| - Cyprus | 3.21% (3.75%) | - the Netherlands | 3.29% (3.70%) |

The actuarial calculations confirmed that the overall DB funding ratios of the Fund for the Short Term Provisions are equal to 136.8% (132.5%) and for the Long Term Provisions are equal to 116.8% (125.0%).

For the **Belgian section** of the Fund, the actuarial calculations confirmed the technical funding ratio (Short Term Provisions) to be equal to 134.7% (129.9%) and the long-term funding ratio (Long Term Provisions) to be equal to 127.7% (123.8%). Compared to last year, the Short Term Provision ratio has increased with +4.8% and the Long Term Provision ratio has increased with +3.9%.
The determination of the employer contributions for Belgium is calculated on a PBO-basis with an amortization set at 5 years of the financial deficit or surplus. The funding ratio on PBO-basis was determined at 111.0% (110.4%), an increase of +0.6% compared to last year.
Since 2021, the calculation is split-up between the 3 Belgian sponsors which results in:

| | STP | LTP | PBO |
|---|---|---|---|
| - BP Europa SE-BP Belgium | 119.3% | 114.4% | 107.6% |
| - Castrol Belgium | 175.0% | 162.9% | 117.6% |
| - Castrol Ireland | 113.7% | 106.3% | 106.3% |

For the determination of the funding ratios the Cash Balance schemes, and the Defined Contribution schemes are considered to be fully funded.

For the **Irish section** of the Fund, the actuarial calculations confirmed that the technical funding ratio (Short Term Provisions) is equal to 141.3% (146.2%) and that the long-term funding ratio (Long Term Provisions) is equal to 138.6% (144.5%). Compared to last year, the STP ratio has decreased with -4.9% and the LTP ratio with -5.9%.
The determination of the employer contributions for Ireland is calculated on a PBO-basis with an amortization of 5 years of the financial deficit or surplus. The funding ratio on PBO-basis was determined at 138.5% (144.3%), a decrease of -5.8% compared to last year.

For the **Swiss section** of the fund, the actuarial calculations confirmed that the technical funding ratio ( Short Term Provisions), the long-term funding ratio ( Long Term Provisions) and the PBO funding ratio were all at 77.3% (99.4%), a decrease of -22.1% compared to last year.

For the **Spanish section** of the fund, the actuarial calculations confirmed that the technical funding ratio ( Short Term Provisions), the long-funding ratio Long Term Provisions) and the PBO funding ratio were all at 111.0% (95.2%), an increase of +15.8% compared to last year.

For the **Cypriot section** of the fund the actuarial calculations confirmed that the technical funding ratio ( Short Term Provisions) and the long-term funding ratio ( Long Term Provisions) were both equal to 121.6% (127.8%). Compared to last year, the STP and LTP ratios both decreased with -6.2%.
The determination of the employer contributions for Cyprus is calculated on a PBO-basis with an amortization of 5 years of the financial deficit or surplus. The funding ratio on PBO-basis was determined at 106.2% (113.0%), a decrease of -6.8% compared to last year.

For the **Dutch section** of the fund the actuarial calculations confirmed the technical funding ratio ( Short Term Provisions) to be equal to 137.2% (132.1%) and the long-term funding ratio ( Long Term Provisions) to be equal to 115.1% (124.0%). Compared to last year the STP ratio has increased with +5.1% and the LTP ratio has decreased with -8.9%.
The determination of the employer contributions for The Netherlands is calculated on a PBO-basis with an amortization of 5 years of the financial deficit or surplus. The funding ratio on PBO-basis was determined at 99.1% (109.3%), a decrease of -10.2% compared to last year

## 4.2 DC scheme sections

The Fund manages only DC plans without a guaranteed return, with the exception of the DC-plan in the Belgian section.

The Short-Term Provision (STP) is equal to the member accounts' assigned values on the date of evaluation. The technical provision or Long-Term Provision (LTP) is equal to the Short-Term Provision (STP) increased by the Account of the Employer, if applicable.

The funding is in line with the financing plan. The funding ratio of the DC scheme in the Belgian section is included in 4.1 (DB scheme sections).

.

## 5. Scheme Membership

**Scheme Membership data on 31 December 2023 for Belgium, Ireland, Switzerland, Spain, Cyprus and the Netherlands**

| OFP BP Pensioenfonds | 31-Dec-23 | | | | | | Total | | 31-Dec-22 | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Belgium | Ireland | Switzerland | Spain | Cyprus | The Netherlands | | | Belgium | Ireland | Switzerland | Spain | Cyprus | The Netherlands | |
| **Active members** | | | | | | | | | | | | | | | |
| Active employees | 239 | 1 | 0 | 1.065 | 20 | 1.066 | 2.391 | | 245 | 1 | 0 | 969 | 16 | 961 | 2.192 |
| **Total active members** | **239** | **1** | **0** | **1.065** | **20** | **1.066** | **2.391** | | **245** | **1** | **0** | **969** | **16** | **961** | **2.192** |
| **Non-active members** | | | | | | | | | | | | | | | |
| Deferred members | 527 | 21 | 0 | 307 | 2 | 1.262 | 2.119 | | 532 | 26 | 0 | 311 | 2 | 1.273 | 2.144 |
| Pensioners | 169 | 236 | 3 | 18 | 62 | 2.232 | 2.720 | | 172 | 241 | 3 | 19 | 65 | 2.229 | 2.729 |
| **Total non-active members** | **696** | **257** | **3** | **325** | **64** | **3.494** | **4.839** | | **704** | **267** | **3** | **330** | **67** | **3.502** | **4.873** |
| | | | | | | | | | | | | | | | |
| **Total members** | **935** | **258** | **3** | **1.390** | **84** | **4.560** | **7.230** | | **949** | **268** | **3** | **1.299** | **83** | **4.463** | **7.065** |

| DC members - Previnet | 31-Dec-23 | | | | | | Total | | 31-Dec-22 | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Belgium | Ireland | Switzerland | Spain | Cyprus | The Netherlands | | | Belgium | Ireland | Switzerland | Spain | Cyprus | The Netherlands | |
| Active employees | | | | 1.136 | 20 | 157 | **1.313** | | | | | 977 | 16 | 147 | **1.140** |
| Deferred members | | | | 266 | 7 | 740 | **1.013** | | | | | 328 | 7 | 769 | **1.104** |
| Pensioners | | | | | | | **0** | | | | | | | | **0** |
| | | | | | | | | | | | | | | | |
| **Total members** | | | | **1.402** | **27** | **897** | **2.326** | | | | | **1.305** | **23** | **916** | **2.244** |

# 6. Investments – performance, strategy & strategic asset allocation

## 6.1 Performance

### 6.1.1 General information

The Fund's assets are invested in line with each of the country section strategies defined per type of liabilities which these assets are backing (defined benefit (DB) vs defined contribution (DC)), as described in the Statement of Investment Principles (SIP).

Both BlackRock and BNP Paribas are the Fund's main Investment Managers.

The Cypriot section still holds a property investment in a plot of commercial land in Cyprus. The land plot in Strovolos has been officially re-registered to the Fund and has been valued at 31/12/2023 by our external land surveyor at € 835,000. The Dutch section also holds some shares of a fund managed by Towers Watson Investment Management.

### 6.1.2 The DB-portfolio

At 31/12/2023 the total asset mix of the DB-portfolio was split-up between a Matching Portfolio of 66.5% mainly bonds, government and corporate, and a Growth portfolio of 32.6% mainly equity, credit and property and 0.9% in cash.

The investment mix of the DB-portfolio at the beginning and the end of 2023 is set out in the below table. These numbers include the cash positions on the Fund's bank accounts, as well as the Mercer Ireland Client account.

<u>Total DB-Portfolio – Belgium, Ireland, Switzerland, Spain, Cyprus and the Netherlands combined</u>

| **Investment Portfolio** | **31/12/2023 (Million €'s)** | | **31/12/2023 (%)** | **31/12/2022 (%)** | **Investment Policy (%)** |
|---|---|---|---|---|---|
| **Total Matching Portfolio** | 1,018.7 | | 66.5 | 64.1 | **67.3** |
| **Total Growth Portfolio** | 498.9 | | 32.6 | 35.5 | **32.7** |
| **Total cash** | 13.5 | | 0.9 | 0.5 | 0.0 |
| **Total DB Portfolio** | **1,531.1** | | **100.0** | **100.0** | **100.0** |

The 2023 return of the total DB-portfolio, amounting to € 1,531M, was determined at +8.7% (-21.7 %), this was the result of

- A positive return of Growth Portfolio of +13.8 % in total, of which +17.4% on the equities funds, +7.1% on credit investments and +18.4% on property investments
- and of a positive return of Matching Portfolio +5.9% in total, of which the Secure Income Fund managed by Towers Watson returned -1.4%.

### 6.1.3 The DC portfolio

Since the creation of the Spanish section in July 2014, the Fund also has a separate DC-portfolio at BlackRock. In 2016, Cyprus joined this DC-portfolio and, also in 2016, a distinct DC-portfolio was set-up at BlackRock as well for the Dutch section.

At 31/12/2023 the total asset mix of the DC-portfolio was Equities 47.5% (47.8%), Bonds 47.9% (46.3%) and Cash 4.6% (6.0%).

This is the combined result of the overall investments of the individual DC-accounts of all the Spanish, Cypriot and Dutch members according to the Life Cycle investment structure that was set-up for them or, when allowed, their self-select option.

The investment mix of the DC-portfolio at the end of 2023 is set out below:

Total DC-Portfolio – Spain, Cyprus and the Netherlands combined

| **Investment Portfolio** | **31/12/2023 (Million €'s)** | | **31/12/2023 (%)** | **31/12/2022 (%)** |
|---|---|---|---|---|
| ***Equities*** | 57.5 | | 47.5 | 47.8 |
| ***Fixed income*** | 58.1 | | 47.9 | 46.3 |
| ***Cash*** | 5.6 | | 4.6 | 5.9 |
| **Total DC Portfolio** | **121.2** | | **100.0** | **100.0** |

The total 2023 return was determined at 9.96% (%) (-14.53%). This was the result of a positive return of 14.65% (-11.02%) on the equities funds, a positive return of 5.97% (-20.01%) on the bonds funds, a positive return for cash of 3.16% (-0.04%) as well as timing effects of withdrawals, contributions and rebalancing.

Combined the DB-portfolio of € 1,531 M and the DC-portfolio of € 121 M, invested nearly entirely with BlackRock, BNP Paribas and Towers Watson, represent a total amount of assets of € 1,652 M managed within the OFP BP Pensioenfonds on 31 December 2023.

## 6.2 Virtual ring-fencing

Based on the virtual “Ring Fencing” sheet Willis Towers Watson prepared for the Board, these assets are split-up by country:

| Year 2023 | Belgium | Spain | Switzerland | Cyprus | Total RF | Ireland | NL | Grand total |
|---|---|---|---|---|---|---|---|---|
| Beginning (End Q4 of 2022) | 87.646.400 | 2.124.233 | 4.757.991 | 5.875.672 | 100.404.296 | 89.576.078 | 1.264.206.097 | 1.454.186.471 |
| Cash out | 3.207.500 | 764.314 | 884.850 | 732.097 | 5.588.762 | 4.363.607 | 49.821.937 | 59.774.306 |
| Benefit Payment | 2.145.067 | 208.965 | 490.529 | 553.788 | 3.398.349 | 3.097.183 | 32.826.386 | 39.321.918 |
| Re-insurance Premiums | 117.702 | 395.288 | 0 | 18.510 | 531.501 | 660 | 546.147 | 1.078.308 |
| Taxes on Benefits | 533.458 | 43.161 | 371.962 | 101.708 | 1.050.291 | 1.061.316 | 13.461.563 | 15.573.170 |
| Taxes on Premiums | 110.133 | 0 | 0 | 0 | 110.133 | 0 | 0 | 110.133 |
| Expenses | 301.139 | 116.899 | 22.359 | 58.091 | 498.488 | 204.448 | 2.987.841 | 3.690.777 |
| Other Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash In | 3.313.466 | 247.000 | 50.000 | 112.180 | 3.722.646 | 0 | 9.890.069 | 13.612.715 |
| Contributions | 3.166.496 | 247.000 | 50.000 | 112.180 | 3.575.676 | 0 | 7.741.353 | 11.317.029 |
| Repayment Re-Insurance | 18.762 | 0 | 0 | 0 | 18.762 | 0 | 518.527 | 537.290 |
| Transfer In | 0 | 0 | 0 | 0 | 0 | 0 | 1.628.227 | 1.628.227 |
| Other Income | 128.208 | 0 | 0 | 0 | 128.208 | 0 | 1.961 | 130.170 |
| Asset Return | 8.761.102 | 106.677 | 269.826 | 512.372 | 9.649.977 | 4.276.539 | 109.637.094 | 123.563.610 |
| Total | 96.513.468 | 1.713.596 | 4.192.967 | 5.768.127 | 108.188.157 | 89.489.010 | 1.333.911.323 | 1.531.588.490 |
| Residual Value | -439.941 | -8.148 | -20.927 | -27.610 | -496.625 | 0 | 0 | -496.625 |
| Residual Return | -0,46% | -0,48% | -0,50% | -0,48% | -0,46% | 0,00% | 0,00% | -0,03% |
| Market Value of Assets EOY | 96.073.527 | 1.705.447 | 4.172.040 | 5.740.517 | 107.691.532 | 89.489.010 | 1.333.911.323 | 1.531.091.865 |
| Receivables | 364.091 | 755.150 | 0 | 81.328 | 1.200.569 | 337.542 | 72.798 | 1.610.909 |
| Debts specific | 107.896 | 35.387 | 3.398 | 13.679 | 160.359 | 38.900 | 371.828 | 571.088 |
| Debts General | 9.753 | 173 | 424 | 583 | 10.932 | 9.085 | 135.413 | 155.430 |
| Differences Asset Manager vs State Street | -2.668 | -47 | -116 | -159 | -2.991 | -540.890 | 1.721.400 | 1.177.520 |
| Market value of Assets EOY incl Debts/Receivables | 96.317.301 | 2.424.990 | 4.168.103 | 5.807.425 | 108.717.818 | 89.237.678 | 1.335.198.280 | 1.533.153.775 |

The amount of - 496,625 EUR mentioned under “Residual Value” is the difference between the annual sums of the monthly attribution of the financial result as per the theoretical DB-investment table of the financial plan compared to the actual financial results on the actual portfolio.

The amount of 1,610,909 EUR mentioned under “Receivables” consists of :

- Irish pensions for an amount of 337,542 EUR paid in December for January 2024,
- December contributions to the Belgian Sections to be received in January for an amount of 239,862 EUR, a member loan receivable of 30,000 EUR and one of 90,524 EUR and State Street reimbursement of charges for an amount of 3,704 EUR,
- Member loans to Cypriot members for an amount of 81,328 EUR,
- Spanish reinsurance claims for an amount of 755,150 EUR
- Dutch reinsurance claims for an amount of 72,798 EUR.

The amount of 571,088 EUR mentioned under “Debts-specific” consists mainly of Q4.2023 service charges and Investment Managers fees which were not yet invoiced to the Fund at 31/12/2023. For Belgium and for Spain this mainly relates to 2023 withholding taxes and social security contributions due in January 2024.

The amount of 155,430 EUR mentioned under “Debts-General” relates to service provider charges at Fund level.

The difference in valuation between the Asset Managers and the Custodian was mainly due to timing differences and was determined at 1,177,520 EUR.

## 6.3 Investment Strategy & strategic asset allocation

### 6.3.1 Assets backing the following liability types: Defined Benefit, Defined Contribution (with interest guarantee) and Cash Balance

The investment strategy adopted by the Directors balances the objectives of delivering retirement benefits at an acceptable long-term cost to the Sponsoring Undertakings within acceptable risk levels in order to promote benefit security for the Fund's beneficiaries.

For the purposes of setting investment strategy, the Directors take into consideration the economic characteristics and maturity structure of the Fund's liabilities, the size of the Fund assets, future cash-inflows and outflows, the funded status of the Fund, the risk appetite of the Sponsoring Undertakings and the long-term risk/return characteristics of each asset class.

The primary objective of the investment strategy is to achieve an absolute long-term rate of return on the assets at least equal to the rate of growth in liabilities, while maintaining prudent risk levels so as to promote benefit security by limiting the risk of significant short-term funding shortfalls.

The strategic investment policy for the individual sections is evaluated as part of the Continuity Test or Asset Liability Management study (which are performed at least once every three years) to assess the impact of the strategy on the future financial position of the Schemes and to determine whether any change to the strategy is required.

The investment strategy adopted by the Fund is based on a Liability Driven Investing approach which comprises a "Matching Portfolio" (aims to match the interest rate sensitivity of the liabilities to a specified level on a nominal basis) and a "Growth Portfolio" (targets higher return to provide for indexation and long term asset growth).

With the exception of the Dutch and the Irish sections, the Matching Portfolio consists of fixed income pooled funds. As at 31 December 2023, the approximate duration of the liabilities of those sections on the Long Term Provision basis were: Belgium BP Europe SE 5.1 years, Castrol BE 10.5 years Castrol IE 3.9 years, Spain 7.2 years, Switzerland 4.7 years and Cyprus 7.5 years.

For the Irish section, the Directors have chosen to use a full cashflow matching approach in order to hedge the liabilities with greater precision. This approach entails investing in a portfolio of index-linked and nominal government bonds and high-quality supra-national bonds to provide income that matches the cashflow profile of the section as closely as possible while maintaining positive liquidity (cash availability) at all times. The high funding level of the Irish section allows for this approach to be implemented with an additional buffer of funds to protect against longevity risks, remaining duration mismatch (i.e. in order to keep a positive cash position at all times it is accepted that the duration of the investments is somewhat lower than the duration of the liabilities) and inflation mismatch (i.e. the risk that Irish inflation differs significantly from European inflation). At the end of the fourth quarter of 2023 the duration of the liabilities of the Irish section on the Long Term Provision basis was approximately 10.3.

For the Dutch section, the Matching Portfolio comprises a segregated portfolio of investment grade Eurozone government bonds, interest rate swaps, cash (for collateral management purposes), and Eurozone corporate bonds and an allocation to Secure Income assets to enhance diversification and return. Secure Income assets are long-term, typically illiquid, high quality investments that provide stable, predicable income from investments such as infrastructure.

In concert with this, the Directors have adopted a dynamic interest rate hedging strategy for the Dutch section where the target interest rate hedge ratio is related to both the funding level of the section on a PBO basis and the absolute level of interest rates (the Discount Rate for the calculation of the PBO). The Directors have also introduced the facility for interest rate hedging to be performed through the use of derivative contracts in addition to physical assets to give greater flexibility. In 2023, the dynamic interest rate strategy is based on the following principles in case of increasing funding levels and/or interest rates:

- If Interest Rate < 3% and Funding Level < 110%: 50% i-rate hedging, if not then if,
- Interest Rate 3% - 4% and Funding Level < 120%: between 55 and 72% i-rate hedging
- Interest Rate > 4% or Funding Level ≥ 120%: between 85% and 100% i-rate hedging *

*‘* Effective implementation is subject to risk, cost and implementation considerations such as required collateral/variation margin and leverage. Taking this into account the Directors may decide to defer implementation and/or implement only partially.*

The duration of the liabilities for the Dutch section on the Long Term Provision basis was approximately 16.7 at the end of the fourth quarter of 2023. For the Growth portfolio of the Dutch section the Directors have opted to improve the level of diversification through the introduction of new Alternative Credit asset classes.

The investment strategy for the Dutch section has been formulated to take account of the risk tolerance of the sponsors which is expressed using the one-year cash flow at risk (that is, the total contribution required in a given year).

The Directors have adopted a strategic benchmark for each country section that comprises a mix of fixed income and equity investments which provide adequate diversification within each asset class and balance the potential for enhanced long-term returns versus an acceptable level of short-term volatility associated with each asset class. In determining this strategic benchmark, and selecting benchmarks for the underlying asset categories, the Directors consider the impact of long-term trends on the investment portfolio.

The overall return benchmark of the individual sections is bespoke to reflect the varying investment strategies adopted and comprises a blending of the Matching Portfolio and Growth Portfolio return benchmarks weighted by their strategic asset allocation weights.

The long-term return of each strategy is expected to be broadly in line with the strategic benchmark, and at least in line with the assumptions underlying the actuarial valuations of the associated Schemes.

In deriving the overall investment strategy for the Fund, the notional strategic asset allocation appropriate to each section is considered in isolation before the separate strategies are combined and weighted to form the overall strategic asset allocation for the Fund.

**Strategic Asset Allocation for the Fund**
The strategic asset allocation and the permitted bandwidths for the Fund is shown below.

**For the Dutch section:**

| Asset Class | Min. | Ultimate Strategic | Max. |
|---|---|---|---|
| **Matching** | **60%** | **65%** | **70%** |
| Segregated Liability Driven Investment (bonds, swaps, credits and cash) | | 62% | |
| Secure Income Assets (SIA) | | 3% * | |
| **Growth** | **30%** | **35%** | **40%** |
| ACWI Equities | 12% | 15% | 18% |
| Alternative Credit | 12% | 15% | 18% |
| Emerging Market Debt | 6% | 7.5% | 9% |
| Multi Strategy Alternative Credit | 6% | 7.5% | 9% |
| Listed European Property | 3% | 5% | 7% |

* Buy and Hold existing investment

**For the Irish section:**
100% segregated cash flow matching mandate

**For the non-Dutch non-Irish sections:**

| | Belgium Castrol IE | Belgium Castrol BE | Belgium BP Europe SA | Spain | Switzerland | Cyprus |
|---|---|---|---|---|---|---|
| **Matching** | **100%** | **40%** | **80%** | **100%** | **100%** | **55%** |
| BR Euro Corporate | 50% | 17,5% | 40% | 50% | 50% | 25% |
| BR Euro Government | 50% | 22,5% | 40% | 50% | 50% | 30% |
| **Growth** | **0%** | **60%** | **20%** | **0%** | **0%** | **45%** |
| EM Equities | 0% | 7,5% | 3% | 0% | 0% | 5% |
| DM Equities | 0% | 45% | 12% | 0% | 0% | 35% |
| Listed European Property | 0% | 7,5% | 5% | 0% | 0% | 5%* |

* The current strategic asset allocation for Cyprus excludes the existing investment in direct property as it is considered to be on sale.

The strategic asset allocations of these different country sub-sections have been weighted on the basis of the asset value as per 30 June 2022 to derive a consolidated strategic asset allocation for the non-Dutch non-Irish section as a whole, which was laid down in the IMA with the investment manager BlackRock (excluding cash and Cypriot direct property):

| | Min | SAA | Max |
|---|---|---|---|
| **Matching** | | **69,9%** | |
| BR Euro Corporate | 29,1% | 34,1% | 39,1% |
| BR Euro Government | 30,8% | 35,8% | 40,8% |
| **Growth** | | **30,1%** | |
| EM Equities | 2,0% | 4,0% | 6,0% |
| DM Equities | 16,1% | 21,1% | 26,1% |
| Listed European Property | 3,0% | 5,0% | 7,0% |

**Types of Investments & Investment Styles**

A range of sub-asset classes within fixed income, secure income assets, property and equities that are benchmarked against widely used broad market indices are incorporated in the investment strategy to ensure adequate diversification and a global approach. For non-listed investments a suitable performance target is agreed. For the matching portfolio for the Dutch section, a liability-based benchmark is agreed, where the focus is on partially hedging the interest rate risk.

The Directors have a preference for collective investment vehicles that are passively managed to contain cost and to reduce investment manager risk. For investments where passive management is not possible or not efficient, exceptions can be made.

The Directors believe the overall strategy, the choice of investment products and styles and the diversified asset mix is appropriate for the Fund to meet its performance objective and risk appetite.

**Investment Restrictions**

As specified by the relevant Cypriot competent authority, the following considerations apply in respect of investment of assets associated with the Cypriot Defined Benefit Schemes:

a. not more than 30% of these assets shall be invested in shares, other securities treated as shares and debt securities which are not admitted to trading on a regulated market; or at least 70 % of these assets shall be invested in shares, other securities treated as shares and debt securities which are admitted to trading on a regulated market; and
b. not more than 5% of these assets shall be invested in shares and other securities treated as shares, bonds, debt securities and other money and capital-market instruments issued by the same undertaking; and not more than 10 % of these assets shall be invested in shares and other securities treated as shares, bonds, debt securities and other money and capital market instruments issued by undertakings belonging to a single group; and
c. not more than 30% of these assets shall be invested in assets denominated in currencies other than those in which the liabilities are expressed.

Compliance with these additional requirements is monitored by the Directors as part of the regular investment monitoring process.

**Monitoring credit quality of fixed income investments**

In addition to using externally available issuer ratings, as part of their investment process, the investment managers employ dedicated in-house credit teams to research the credit quality of fixed income instruments and the probability of default using their own research methodology. The credit evaluation takes in both qualitative and quantitative factors in formulating the credit view, including but not limited to macro-economic outlook, country specific factors and economic data, financial statement analysis, external credit ratings, assessing debt profile and creditworthiness of issuers and meetings with company management. In the case of fixed income pooled index fund, the ultimate constituents of the individual fund will be determined by the relevant index as the asset manager is mandated to track the index with a very limited ex-ante tracking error to minimise return discrepancies versus the benchmark.

**Stock lending**

The Fund does not engage in stock lending directly except through its investment in collective investment vehicles where stock lending forms an integral part of the investment product.

**Derivatives**

The current investment mandates of the Dutch section permit limited use of certain derivatives both for hedging and non- hedging purposes as detailed in the investment management agreements.

**Short-selling & Leverage**
Direct short-selling and leverage (investing in assets in excess of the value of the portfolio by borrowing) by investment managers are prohibited.

**Environmental, Social and Governance Policy**
In 2023, the investment policy evaluation and portfolio construction processes do not yet integrate environmental, social and governance factors in order to exclude them from the investment universe; investment products and their underlying holdings are not actively screened for exposure to such factors. However, the Directors are engaged in a full review of the environmental, social and governance policy, that will result in a modification in the investment mandates, to be implemented in the course of 2024.

**Rebalancing**
The Directors are responsible for rebalancing across the investment managers to ensure the allocation of assets to each investment manager and to the specified asset classes conform to the permitted ranges set out in the SIP.

The Directors have delegated to the investment managers the responsibility for rebalancing their respective portions of the total portfolio in respect of the mandates for which they have been hired, so as to comply with the overall asset mix ranges and risk objectives set out in the SIP.

The Directors will monitor on a quarterly basis the investment managers allocation and their portfolios versus the strategic asset allocation and will, if necessary, use incoming or outgoing cashflows to rebalance the asset allocation and portfolios to align with the investment strategy.

If the asset allocation and/or the sub-portfolios exceed the permitted bandwidths, the Directors can take any of the following active decisions:

- to instruct one or more managers to transfer an appropriate amount to another account of the same manager or to another manager;
- not to rebalance.

**Custodian**
The Directors have appointed State Street Bank Gmbh (Amsterdam branch) as a global custodian.

### 6.3.2 Assets backing the following liability types: Defined Contribution (without interest guarantee)

The default investment strategy for Defined Contribution (without interest guarantee) schemes will be a passively managed lifecycle investment where the asset allocation changes according to a pre-defined path as the member approaches their retirement date. The parameters of the lifecycle design may vary for different Schemes depending on local cultural norms and preferences, and the options available to members on retirement.

In Schemes where members are permitted individual member choice regarding investment policy, they are able to formulate their own strategy using the investment funds shown in Appendix E.

The default lifecycle strategies for the applicable sections are outlined below.

*Spanish Defined Contribution Schemes*

Under Spanish social and labour law, individual member choice of investment policy is not permitted in Defined Contribution (DC) plans. It is permitted to have an age-related investment allocation. The strategy outlined below applies to all members of the Spanish DC schemes:

| | |
|---|---|
| Asset allocation in accumulation phase: | 60% global equities, 40% global bonds |
| Investment style: | 100% index funds |
| Consolidation phase: | 10 years, from equities to bonds and cash |
| Glide path (linear): | 2.0% p.a. switch from equities to bonds, 2.0% p.a. switch from equities to cash |
| Final asset allocation: | 20% equities, 60% bonds, 20% cash |
| Delivery mechanism: | Lifecycle |
| Rebalancing: | Quarterly (accumulation & consolidation phases) |

The "accumulation phase" consists of the period ending ten years before normal retirement age (65). The "consolidation phase" consists of the ten years prior to normal retirement age. This strategy results in an asset allocation for a member during the consolidation phase reducing the risk as the member approaches retirement.

A key design principle is that the strategy during the consolidation phase should seek to dampen volatility in the period leading up to retirement, where volatility is assessed relative to the typical use to which the members' accumulated funds are put at retirement.

Most Spanish DC members on retirement take a proportion of their benefits as a cash lump sum but keep a sizeable portion in an interest-earning investment.

*Cypriot Defined Contribution Scheme*

The strategy outlined below applies to the members of the Cypriot DC scheme who are allocated to, or have opted for, the default "lifecycle" investment strategy option:

| | |
|---|---|
| Asset allocation in accumulation phase: | 70% global equities<br>30% Euro government and corporate bonds |
| Investment style: | 100% index funds |
| Consolidation phase: | 10 years, from equities to cash<br>5 years, from bonds to cash |
| Glide path (linear): | 7% p.a. switch from equities to cash,<br>6% p.a. switch from bonds to cash |
| Final asset allocation: | 100% cash |
| Delivery mechanism: | Lifecycle |

| | |
|---|---|
| Rebalancing: | Quarterly (accumulation & consolidation phases) |

The "accumulation phase" consists of the period ending ten years before the retirement age elected by the member. The "consolidation phase" consists of the ten years prior to the retirement age elected by the member. This strategy results in an asset allocation for a member during the consolidation phase reducing the risk as the member approaches retirement.

A key design principle is that the strategy during the consolidation phase should seek to dampen volatility in the period leading up to retirement, where volatility is assessed relative to the typical use to which the members' accumulated funds are put at retirement.

Members also have the option to choose from a number of BlackRock investment fund options.

As specified by the relevant Cypriot competent authority, the following considerations also apply in respect of assets associated with the Cypriot Defined Contribution Scheme:

a. not more than 30 % of these assets shall be invested in shares, other securities treated as shares and debt securities which are not admitted to trading on a regulated market; or at least 70 % of these assets shall be invested in shares, other securities treated as shares, and debt securities which are admitted to trading on a regulated market; and
b. no more than 5 % of these assets shall be invested in shares and other securities treated as shares, bonds, debt securities and other money and capital-market instruments issued by the same undertaking and no more than 10 % of these assets shall be invested in shares and other securities treated as shares, bonds, debt securities and other money and capital market instruments issued by undertakings belonging to a single group; and
c. not more than 30 % of these assets shall be invested in assets denominated in currencies other than those in which the liabilities are expressed.

Compliance with these additional requirements is monitored by the Directors as part of the regular investment monitoring process.

*Netherlands Defined Contribution Schemes*

**Lifecycle Annuity (default)**

The strategy outlined below applies to the members of the Netherlands DC schemes who are allocated to, or have opted for, the default "lifecycle" investment strategy option:

| | |
|---|---|
| Asset allocation in accumulation phase: | 83% global equities<br>17% Euro government, corporate and inflation-linked bonds |
| Investment style: | 100% index funds |
| Consolidation phase: | 30 years – reallocation from equities to bonds (non-linear) |
| Asset allocation change: | 6 monthly |
| Final asset allocation: | 20% global equities, 80% Euro government, corporate and inflation-linked bonds |

| | |
|---|---|
| Delivery mechanism: | Lifecycle |
| Rebalancing: | Quarterly (accumulation & consolidation phases) |

The "accumulation phase" consists of the period ending thirty years before the retirement age elected by the member. The "consolidation phase" consists of the thirty years prior to the retirement age elected by the member. This strategy results in an asset allocation for a member during the consolidation phase reducing the risk as the member approaches retirement.
A key design principle is that the strategy during the consolidation phase should seek to dampen volatility in the period leading up to retirement, where volatility is assessed relative to the typical use to which the members' accumulated funds are put at retirement.

**Variable Annuity Lifecycle option**

The strategy outlined below is available for members who are planning to opt for the purchase of a variable annuity on retirement. This strategy was required under Dutch legislation "Wet Verbeterde premieregeling" from 1 January 2018.

| | |
|---|---|
| Asset allocation in accumulation phase: | 83% global equities<br>17% Euro government, corporate and inflation-linked bonds |
| Investment style: | 100% index funds |
| Consolidation phase: | 30 years – reallocation from equities to bonds (non-linear) |
| Asset allocation change: | 6 monthly |
| Final asset allocation: | 40% global equities, 60% Euro government, corporate and inflation-linked bonds |
| Delivery mechanism: | Lifecycle Variable Pension |
| Rebalancing: | Quarterly (accumulation & consolidation phases) |

The "accumulation phase" consists of the period ending thirty years before the retirement age elected by the member. The "consolidation phase" consists of the thirty years prior to the retirement age elected by the member. This strategy results in tan asset allocation for a member during the consolidation phase reducing the risk as the member approaches retirement. A key design principle for this alternative strategy is to have a higher risk profile at the point of retirement than the standard Lifecycle Annuity in order to better match variable pension products available in the market. Note that the Lifecycle Annuity and the Lifecycle Variable Annuity strategies are identical until 15 years prior to retirement date.
Members also have the option to choose from a number of BlackRock investment fund options

## 6.4 Expected Return on Assets

The table below illustrates the expected return on assets and volatility backing the defined benefit liabilities for the separate sections based on the strategic allocation outlined.

| Asset Class | Strategic Allocation % | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Ireland** | **Belgium Castrol IE** | **Belgium Castrol BE** | **Belgium BP Europe SA** | **Switzerland** | **Spain** | **Cyprus** | **Netherlands** |
| Equities | 0% | 0% | 52.5% | 15% | 0% | 0% | 40% | 15% |
| Segregated Liability Driven Investment (bonds, swaps, credits and cash) | | | | | | | | 62% |
| Euro Government bonds incl.supranat. | 100% | 50% | 22.5% | 40% | 50% | 50% | 30% | 0% |
| Euro Investment Grade Corporate bonds | 0% | 50% | 17.5% | 40% | 50% | 50% | 25% | 0% |
| Property | 0% | | 7.5% | 5% | 0% | 0% | 5% | 5% |
| Emerging Markets Debt | 0% | | | 0% | 0% | 0% | 0% | 7.5% |
| Multi Strategy Alternative Credit | 0% | | | 0% | 0% | 0% | 0% | 7.5% |
| Secure Income Assets | 0% | | | 0% | 0% | 0% | 0% | 3% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| **Expected 10-year return on assets (% p.a.)** | 2.4% | 2.4% | 5.8% | 3.7% | 2.4% | 2.4% | 5.0% | 3.9% |
| **Expected return on assets (% p.a.) over average duration of the liabilities** | 2.4% | 2.2% | 5.8% | 3.4% | 2.2% | 2.2% | 4.9% | 4.1% |
| **Expected 1-year volatility (%p.a.)** | 4.7% | 4.4% | 11.3% | 5.1% | 4.4% | 4.4% | 8.8% | 8.8% |

The above expected return and volatility figures are based on the below projections for the underlying asset classes as at 31 December 2023 communicated by the asset managers. NL SAA projected returns assume a 72% hedge ratio.

| **% p.a.** | **Expected Return 10-year** | **Expected Volatility 1-year** |
|---|---|---|
| Equities DM | 7.3% | 19.3% |
| Equities EM | 7.3% | 28.1% |
| Euro Government bonds | 2.1% | 5.0% |
| Euro Corporate bonds | 2.7% | 4.8% |

| | | |
|---|---|---|
| Euro IL Government bonds | 2.1% | 10.1% |
| Euro Property | 6.4% | 15.1% |
| Secure Income Assets | 5.5% | 9.3% |
| Emerging Market Debt | 4.4% | 14.8% |
| Multi Strategy Alternative Credit | 4.0% | 7.7% |

## 6.5 Investment Mandates

The below section presents additional implementation details for the individual country sections of the Fund.

The assets of the Cypriot schemes have been transferred to the Fund following admission at the beginning of January 2016, except for one legacy direct property holdings which is being re-registered to the Fund and will be sold as soon as suitable opportunities arise.

**BNP Paribas Investment Partners**

- Ireland Section - Cash Flow Matching Mandate
  - Segregated Mandate
  - Section: Irish DB Section
  - Base currency: Euro
  - Permitted investments: AAA and AA Euro Government bonds and supranationals and cash (incl. BNP money market funds)
  - Proportion Inflation-linked bonds: minimum 75%
  - Benchmark - Irish Cash Flows (technical provisions) as updated annually
  - The investment objective is to cash flow match as close as possible the cash flows corresponding to the technical provisions of the Irish DB plan while maintaining a cash flow positive situation at all times.

**BNP Paribas Investment Partners**

- Dutch Section – Matching portfolio (excl. secure income assets)
  - Segregated Mandate
  - Section: Dutch DB Section
  - Base currency: Euro
  - Permitted investments: IG Euro corporate bonds, Euro government bonds, interest rate swaps and cash (incl. money market funds)
  - Benchmark – Dutch technical provisions as updated annually
  - I-rate hedge: target i-rate hedge percentage resulting from the dynamic interest rate hedging policy taking into account the duration of the secure income assets.

    - The investment objective is to deliver the same return% as the technical provisions of the Dutch DB Section while maintaining the I-rate hedge percentage in line with policy and within allowable margins.

**Towers Watson Investment Management**

- Dutch Section – Matching portfolio (secure income assets)
    - Fund: Towers Watson Euro Secure Income Fund
    - Section: Dutch DB Section
    - Base currency: Euro
    - Permitted investments: A diversified range of portfolio funds (mostly real estate, infrastructure, debt, but possibly other sectors) displaying one or more of the following characteristics:
        - long-term cash flows which are likely to exhibit a degree of inflation linkage;
        - cash flows which are secured through leases, loan commitments, concession agreements or other forms of contracts signed with strong Counterparties which are difficult to break;
        - Counterparties are motivated to uphold contractual agreements due to the highly collateralised nature of the related cash flows, in other words – there is a strong disincentive to default.
    - Most economic value is based on the contractual cash flows – as opposed to the residual asset value – thereby lowering the volatility of asset returns Benchmark: Bloomberg Barclays Euro Government Inflation-Linked 10+ Year Index (Total Return).
    - The investment objective is outperformance of the benchmark of 2% to 3% per annum net of fees over 5-year periods denominated in Euros, as well as provide investors with a diverse portfolio of secure long-term cash flows.
    - For the Towers Watson Euro Secure Income Fund a 12-month notice period applies. Redemptions are not permitted within the first 5 years after drawn commitment.

**BlackRock Investment Management (UK) Limited**

- Dutch Section – Growth Portfolio
    - Section: Dutch DB Section
    - Permitted investments: collective funds:
        - Developed Market Equities
        - Emerging Market Equities
        - European Property
        - Alternative Credit: Emerging Market Debt
            - Active: Corporates
            - Passive: Sovereigns
        - Alternative Credit: Multi Strategy Alternative Credit
            - The selected Multi Strategy Alternative Credit fund has monthly liquidity.

- Benchmarks
  - Developed Market Equities: MSCI World Net Dividend Index
  - Emerging Market Equities: MSCI Emerging Markets Index
  - European Property: FTSE EPRA NAREIT Developed Europe Index
  - Alternative Credit – Emerging Market Debt:
    - Active: J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified
    - Passive: J.P. Morgan EMBI Global Core Index
  - Alternative Credit – Multi Strategy Alternative Credit: not applicable.
- The investment objective is to deliver the same return% as the benchmark with a minimum tracking error against the same benchmark.

**BlackRock Investment Management (UK) Limited**

- Other Countries (Belgium, Cyprus, Switzerland and Spain) – Matching and Growth Portfolio
  - Permitted investments: collective funds:
    - Euro Government Bonds
    - Euro Corporate Bonds
    - Developed Market Equities
    - Emerging Market Equities
    - European Property
  - Benchmarks
    - Euro Government Bonds: FTSE EMU Government Bond Index
    - Euro Corporate Bonds: FTSE EuroBIG ex Domestic Treasury Index
    - Developed Market Equities: MSCI World Net TR Index
    - Emerging Market Equities: MSCI Emerging Markets Index (Net)
    - European Property: FTSE EPRA/NAREIT Developed Europe ex UK Dividend Net
  - The investment objective is to deliver the same return% as the benchmark with a minimum tracking error against the same benchmark.

**BlackRock Investment Management (UK) Limited**

BlackRock will manage the holdings of the different DC plans.

The following BlackRock funds are permitted for use:

- to deliver the Fund’s investment strategy for assets backing defined contribution (with interest guarantee) liabilities;
- to construct default lifecycle strategies for Defined Contribution (without interest guarantee) schemes;

- by members to select their own investment strategy for Defined Contribution (without interest guarantee) schemes in cases where investment choice is permitted.

Note that not all of the funds listed are permitted for use for all of the above purposes.
All BlackRock funds selected are EU-domiciled UCITS and are thus subject to specific investment restrictions under EU UCITS legislation, relating both to the types of investments which may be made and the extent of such investments.

The investment objective of the BlackRock funds is to closely track the returns of the associated benchmark as stated.

| Name of Fund | Fund Benchmark | Investment Style | Base Currency | ISIN Code |
|---|---|---|---|---|
| **Equities** | | | | |
| Blackrock EUR Government Bond fund 20-year target Duration ETF | iBoxx EUR Euro zone 20yr Target Duration Index | Passive | EUR | IE00BSKRJX20 |
| BlackRock Developed World Index Sub-Fund | MSCI World Index | Passive | USD | IE00B61D1398 |
| BlackRock Emerging Markets Index Sub-Fund | MSCI Emerging Markets Index | Passive | USD | IE00B3D07M82 |
| BlackRock Europe Index Sub-Fund | MSCI Europe Index | Passive | EUR | IE00B4L8LJ62 |
| BlackRock North America Index Sub-Fund | MSCI North America Index | Passive | USD | IE00B8J31B35 |
| BlackRock Pacific Rim Index Sub-Fund | MSCI Pacific Rim ex-Japan Index | Passive | USD | IE00B8J31D58 |
| **Fixed Income** | | | | |
| BlackRock Euro Credit Bond Index Fund | Citigroup Non-EGBI EuroBIG Index | Passive | EUR | IE0005032192 |
| BlackRock Euro Government Bond Index Fund | Citigroup Euro Government Bond Index (EGBI) | Passive | EUR | IE0031080751 |
| BlackRock Euro Government Inflation- Linked Bond Fund | Barclays Capital Euro Govt Inflation-Linked Bond Index | Passive | EUR | IE00B4WXT741 |

| | | | | |
|---|---|---|---|---|
| BlackRock World ex Euro Government Bond Index Fund | Citigroup World Govt Bond Index (ex EMU Govt Bonds) | Passive | USD | IE0005033380 |
| BlackRock UK Credit Bond Index Fund | iBoxx Sterling Non-Gilts Index | Passive | GBP | IE0000405013 |
| BlackRock US Corporate Bond Index Fund | Citigroup Eurodollar Bond Index | Passive | USD | IE0000407050 |
| **Cash** | | | | |
| Institutional Euro Liquidity Fund | 7 Day LIBID | Passive | EUR | IE00B3KF1681 |

**Stewardship (voting & engagement)**
The Fund delegates Stewardship activities to external providers (asset managers), the below links present publicly available information on both their policy and the execution.

**BlackRock Investment Management (UK) Limited**
https://www.blackrock.com/corporate/about-us/investment-stewardship#our-responsibility

**BNP Paribas Investment Partners**
https://investors-corner.bnpparibas-am.com/investing/sustainability-we-believe-in-stewardship/

**Towers Watson Investment Management Limited**
https://www.willistowerswatson.com/en-GB/Insights/2021/03/sustainable-investment-policy

## 7. Risk Management

The Fund has set up a risk management system as described in the risk management policy. The Fund identifies and assesses the risks to which it is or may become exposed, taking account of its overall organisation and activities, the degree of outsourcing of the Fund's activities to external providers, and the complexity of the pension schemes managed by the Fund. Based on the analysis of the risks to which the Fund is or may become exposed, the Board of Directors identifies at the highest level the following four main risk categories:

1. Operational Risk: Potential loss arising from inadequacies or failures in procedures, processes, systems or policies, human errors, fraud or other criminal activity and any external event that disrupts business processes.
2. Compliance Risk: Exposure to legal claims, penalties, financial and material loss that the Fund may face if it fails to act in accordance with laws and regulations or internal policies.
3. Investment Risk: Potential loss arising from adverse change in financial conditions resulting – directly or indirectly – from changes in the level and in the volatility of market prices or in the valuation of assets. This also includes counterparty (credit) risk and ESG (Environmental, Social and Governance) investment risk.
4. Actuarial and Financial Risk: Risk that assets do not provide sufficient cover for changes in benefit payments, (re)insurance premiums, demographics, actuarial modelling assumptions and indexation.

Further details can be found in the risk register.

After identification of risks, the Board of Directors, assisted by the Risk Manager will assess the probability that the risk will occur and the impact that it would have on the Fund. This will lead to the risk indicator, which allows the Board of Directors to classify the risks as high risk, important risk or acceptable risk. For each risk item, a risk tolerance will be determined as well. The Board of Directors will take into account the existing risk measures and assess whether appropriate internal key controls and procedures are in place to reduce the risk exposure. This leads to the actual risk, which is the residual risk to which the Fund is considered exposed taking account of the existing controls and risk measures. If the actual risk exceeds the risk tolerance for a particular risk item, additional measures need to be taken and action points need to be defined by the Board of Directors based on recommendations provided by the Key Functions, in particular by the Risk Manager.

Specifically on investment risks, the Directors recognise that risk is inherent in any investment activity. The Directors review those risks relative to the investment strategy adopted and implement measures to mitigate associated risks and to limit their impact on the Fund's overall investment performance as appropriate.

The Directors may manage operational investment risk by inter alia:

a. Appointing a professional, regulated external third-party custodian to hold the Fund's financial assets in accordance with a Custody Agreement negotiated by the Directors;
b. Documenting controls and constraints relating to the relationships with the appointed external investment managers in the Investment Manager Agreements;

c. Reviewing reports and the work of independent external auditors appointed by the General Assembly to audit the accounting records relating to the investment activity of the investment managers; and
d. Receiving reports of independent auditors on their review of the internal operating procedures of the custodian and investment managers.

The various investment risks are identified more into detail in the Statement of Investment Principles.

The Directors receive quarterly investment and risk reports from their appointed independent investment consultant detailing the performance of each manager and mandate against its strategic benchmark. The reports also include an estimate of the funding level by country section based on a roll-forward estimate of the liability values, and an estimate of the VaR "value-at-risk", being the potential change in the funding position as a result of adverse events. These reports are tabled and discussed at each regular Director meeting.

# 8. Exercise of Investment Rights (Shareholders' rights Directive)

The Directors are responsible for exercising rights attached to the investments of the Fund and exercise such rights in the interests of the Fund's scheme members and beneficiaries. The Board of Directors may delegate some or all of such rights to its external investment managers or to other external advisors as appropriate.

The Fund endeavours to improve sustainable practises of its portfolio by actively engaging with the investee companies / assets and where relevant utilise the voting rights it has as a shareholder of companies. The Fund strives, where it is in the position to do so, to include ESG aspects into these engagement activities. Due to governance constraints, the Fund has a preference to invest through pooled investment vehicles. This implies that the Fund adheres to the engagement policy present within the selected funds. The Fund therefore delegates engagement activities to external providers (asset managers), but makes sure to understand their engagement policies, examine their suitability to the Fund's convictions, and review the managers' reporting on its engagement activities.

The Directors require the appointed investment managers to vote on behalf of the Fund at every opportunity when reasonably practicable and commercially prudent.

In casting votes in respect of the Fund, the appointed investment managers will normally implement their own voting policies on shareholder activism and in the interest of maximizing the value of the investment. However, the Directors retain the right on a case-by-case basis, where deemed necessary or appropriate, to direct investment managers to vote in accordance with the wishes of the Directors.

The exercising of rights which are not voting rights (e.g., dividend entitlements, rights issues etc.) is delegated by the Directors to the investment managers of the Fund as part of their normal investment responsibilities.

# 9. Sustainable Investments

The Directors are responsible for the sustainability of the investment results of the Fund to be able to continue to fulfil its ambitions in the future. For this reason, the Fund has carefully considered its position regarding sustainable investing.

**Investment belief on Sustainability**

The Fund has a responsibility towards society and in particular its participants. The Board of Directors believes that sustainable investment improves the risk/return profile of the Pension Fund in the long term. Investing sustainably is therefore a consideration for the Fund.

**Principles**

- Sustainability should be integrated into the complete investment cycle of the Fund.
- The Fund can use the following sustainable investment instruments, considering the practical implications:
    - Engagement policy: The Fund utilizes its influence to steer the behaviour of the entities it finances through voting and engagement. It will engage with its managers on their voting and engagement policies or consider external engagement managers.
    - Negative screening: The Fund has the option to exclude countries, sectors or companies when breaching minimum sustainability requirements and when positive change is not expected.
    - Positive screening: The Fund has the option to tilt its portfolio toward desired ESG and/or SDG criteria.
    - Delegation: Sustainability is integrated into the Fund's selection, evaluation and reporting criteria.
- Sustainable positioning should take place in line with the convictions of the Fund, taking into consideration implementation constraints and evolving market trends. Long term developments like e.g., climate change and technological developments should be taken into account.

**Fund positioning on sustainable investment**

The Fund believes that, in the long term, sustainable investment leads to an improved risk/return profile. The integration of Environmental, Social and Governance considerations into the investment process leads to better informed investment decisions and furthermore limits the Fund's reputational risk. Integrating sustainability considerations into the investment cycle provides a framework for the steps toward implementation of the policy.

The Fund strongly believes that long-term structural developments (megatrends), like e.g., climate change, will eventually materialize in the financial markets, and hence impact investment results. (1) Technological change, (2) changing society and demography, and (3) climate change are expected to be the most impactful megatrends for the Fund. The Fund has an advantage over other investors because it can invest for the long term, therefore it should exploit this competitive advantage by positioning the portfolio to protect against and where possible profit from these long-term structural developments.

The Fund has some tolerance for short term headwinds when it expects a more resilient portfolio in the long term. The Fund is willing to accept short term volatility, compared to a traditional approach, as a result of implementing sustainability aspects, because it expects better long-term returns. It is acceptable that the Fund incurs limited net costs (or a lower return) short-term in exchange for a more sustainable investment portfolio. Also, where practical the Fund tilts the investment portfolio towards ESG aspects.

The Fund has not enough in-house capacity to undertake its own research to assist the designing of a full sustainable investment policy. Third parties investment managers employed by the Fund are therefore examined on their sustainable investment policies and activities. The Fund evaluates the extent to which these are in line with the Fund's position. The Fund is currently at an advanced stage of analysis to envisage replacing some of the current investment products with Article 8 SFDR – compliant investment products (more information below on SFDR).

The Regulation (EU) 2019/2088 of 27 November 2019 on sustainability related disclosures in the financial services sector ("the SFDR"), further implemented in the Delegated Regulation (EU) 2022/1288 (the Regulatory Technical Standards or RTS), as well as the Taxonomy Regulation (EU) 2020/852 of 18 June 2020 aim to increase the transparency regarding sustainability in the investment portfolios.

In the framework of the disclosures required by these EU Regulations, the Fund states that:

(a) It has adopted an ESG policy which indicates how the Fund will take into account Environmental, Social and Governance aspects in its investment decisions; see above (article 3 SFDR)

(b) It does not explicitly consider the adverse impacts of investment decisions on sustainability factors (" article 4 SFDR"). The Fund operates under limited governance and therefore has no capacity to perform the additional due diligence when the adverse impact of investment decision on sustainability factors are considered.

(c) The remuneration policy of the Fund does not depend on the Fund's integration of sustainability risks in its investment policy. (article 5 SFDR).

(d) The Fund is investigating how best to implement its investment beliefs on sustainability. The primary focus is on financial products that promote environmental or social characteristics (article 8 SFDR products) and financial products that have sustainable investment as their objective (article 9 SFDR products), while the practicality of integrating ESG considerations into the segregated fixed income mandates is also being explored. The pension schemes themselves do not qualify as article 8 or article 9 SFDR products. Pool funds form a significant part of the Fund's portfolio which relies on the investment policy of its investment managers, currently the majority of investments underlying the Fund's financial products do not take into account the EU criteria for environmentally sustainable economic activities. (article 7 Taxonomy Regulation).

# 10. Remuneration policy

The Fund has adopted a remuneration policy, which is applicable to the members of the General Assembly, the members of the Board of Directors, the members of the Daily Management Committee, the members of the Investment Sub-Group, the key function holders, the service providers whose professional activities have a material impact on the risk profile of the Fund and the employees of sponsoring undertakings or other companies of the bp Group whose professional activities have a material impact on the risk profile of the Fund. The remuneration policy was approved by the Board of Directors at its meeting of 13 April 2021 and will be reviewed in 2024 during the triennial review of the governance system.

The remuneration policy lays down the following key principles :

- The remuneration policy is drafted, implemented and maintained in line with the activities, risk profile, objectives, and the long-term interest, financial stability and performance of the Fund as a whole;
- The remuneration policy shall support the sound, prudent and effective management of the Fund;
- The remuneration policy is in line with the long-term interests of members and beneficiaries of pension schemes operated by the Fund;
- The remuneration policy includes measures aiming at avoiding conflicts of interest;
- The remuneration policy shall be consistent with sound and effective risk management and shall not encourage risk-taking which is inconsistent with the risk profile, the by-laws and policies of the Fund;
- The remuneration (if any) may not be excessive and should be in line with market practice.

The General Assembly determines the remuneration of the members of the Board of Directors, if the Board members are remunerated. The Board of Directors determines the remuneration of the other remunerated mandates / positions within the Fund.

In 2023, members of the General Assembly, Board members, and members of the ISG were not remunerated by the Fund for the performance of their mandate. Nexyan is a member of the Daily Management Committee and the secretary of the Fund. As an external service provider, it is remunerated for the performance of its functions. In determining the remuneration of Nexyan, the principles as laid down in the remuneration policy have been respected as well as the outsourcing policy.

Moreover, in 2023 the key remuneration principles also applied to the key service providers and the employees of sponsoring undertakings or other companies of the bp Group, performing services for the Fund. The Fund will urge these third parties to take into account these key remuneration principles when deciding upon the remuneration of the individuals performing services for the Fund.

# 11. Financial information on 31 December 2023

**OFP BP PENSIOENFONDS**

**Balance Sheet 31/12/2023**

| ASSETS | Current year | Previous year | LIABILITIES | Current year | Previous year |
|---|---|---|---|---|---|
| **Investments** | **1.603.490.739** | **1.530.518.866** | **Equity** | **221.072.997** | **291.463.047** |
| Mutual funds | 797.118.779 | 764.319.125 | Surplus (social fund) | 221.072.997 | 291.463.047 |
| Bonds | 790.779.416 | 766.647.719 | | | |
| Investment property | 835.000 | 835.000 | **Technical provisions (pension liabilities)** | **1.433.758.938** | **1.278.439.347** |
| Derrivatives | 14.757.544 | -1.282.978 | Retirement and death | 1.433.369.060 | 1.278.101.909 |
| | | | Dissability | 389.878 | 337.438 |
| **Reinsurers share in the technical provisions** | **389.878** | **337.438** | | | |
| Disability and incapacity for work | 389.878 | 337.438 | | | |
| **Accounts receivable** | **1.983.916** | **1.014.009** | **Debts** | **4.856.788** | **3.123.681** |
| Contributions | 239.862 | 274.791 | Technical debts | 2.408 | 3.090 |
| Receivables on sponsoring undertaking | 0 | 0 | | | |
| Credits (1) | 539.394 | 458.370 | Taxes and social security (3) | 466.665 | 216.237 |
| Receivables on insurance company (2) | 1.134.715 | 275.464 | Other debts (4) | 4.387.715 | 2.904.354 |
| Other receivables | 69.944 | 5.384 | | | |
| Collateral | 0 | 0 | | | |
| **Cash** | **38.451.056** | **28.146.243** | | | |
| **Deferred charges and accrued income** | **15.374.664** | **13.009.519** | **Deferred income and accrued charges** | **1.530** | **0** |
| **Total assets** | **1.659.690.253** | **1.573.026.075** | **Total liabilities** | **1.659.690.253** | **1.573.026.075** |

(1) = prepaid pensions (Jan 2023) + Loan CY + Advance BE

(2) = Additional Voluntary Contricutions (IE)

(3) = witholding tax and social security, tax on contributtions (BE + SP)

(4) = fees investment managers, administration, consultant, accounting, ...)

## OFP BP PENSIOENFONDS

## Profit & Loss Account 31/12/2023

| | Current year | Previous year |
|---|---|---|
| **Technical result (gain - / loss +)** | **200.154.017** | **-440.137.960** |
| Contributions | -14.478.547 | -36.586.258 |
| Benefit payments | 41.015.319 | 41.769.720 |
| Change in reinsurers share in the technical provisions | -52.440 | 72.684 |
| Change in receivable insurance company | -859.251 | 40.180 |
| Transfer in of accrued benefits | -1.669.727 | -1.615.899 |
| Transfer out of accrued benefits | 4.318.168 | 3.113.466 |
| Changes in technical provisions (pension liabilities) (increase + / decrease -) | 155.319.591 | -463.755.257 |
| Reimbursement reinsurance company | -541.816 | -786.985 |
| Reinsurance premiums paid | 1.078.308 | 1.491.359 |
| Other technical income | -226.502 | -219.904 |
| Other technical costs | 16.250.913 | 16.338.934 |
| **Financial result (gain - / loss +)** | **-132.507.507** | **428.311.173** |
| Investment revenues | -45.017.780 | -32.394.684 |
| Investment costs | 17.526.814 | 5.690.322 |
| Debt charges | 518.133 | 577.949 |
| Exchange results | -3.887.709 | -10.823.114 |
| Realized and unrealized gains and losses | -101.650.883 | 465.229.764 |
| Other financial income | -6.227 | -3.590 |
| Other financial costs | 10.146 | 34.526 |
| **Operating result (gain - / loss +)** | **2.743.539** | **2.840.080** |
| Operating expenses - services | 2.743.539 | 2.839.945 |
| Other operating expenses | 0 | 135 |
| Other operating income | 0 | 0 |
| **Taxes** | **0** | **0** |
| Taxes | 0 | 0 |
| Taxes returned / recaimed | 0 | 0 |
| **Result of the financial year** | | |
| **Profit (-)** | **70.390.050** | **-8.986.707** |
| **Loss (+)** | | |

| | Current year | Previous year |
|---|---|---|
| **Profit for appropriation (+) / Loss for appropriation (-)** | **-70.390.050** | **8.986.707** |
| Profit for appropriation (+) / Loss for appropriation (-) of the financial year | -70.390.050 | 8.986.707 |
| Loss brought forward from the previous year (-) | | 0 |
| **Solvency margin** | | **0** |
| Allocation (-) | | 0 |
| Deduction (+) | | 0 |
| **Social fund** | **0** | **-8.986.707** |
| Allocation (-) | 0 | -8.986.707 |
| Deduction (+) | | 0 |

# Profit and Loss account

## Contributions

The total contributions related to 2023 amount to 14,478,547 EUR

| Section | Contributions<br><br>EUR |
|---|---|
| The Netherlands | 7,950,193 |
| Belgium | 2,999,585 |
| Spain | 3,229,299 |
| Cyprus | 249,470 |
| Switzerland | 50,000 |
| Ireland | 0 |
| | 14,478,547 |

## Benefits

The benefits related to 2023 paid by the Fund amount to 41,015,319 EUR (net amounts):

| | |
|---|---|
| Benefit payments Dutch section | 32,698,340 |
| Benefit payments Belgian section | 2,144,223 |
| Benefit payments Irish section | 3,099,803 |
| Benefit payments Swiss section | 490,529 |
| Benefit payments Spanish section | 2,028,636 |
| Benefit payments Cypriot section | 553,788 |
| | 41,015,319 |

### Change in reinsurers share in the technical provisions

In 2023, the change of the share of the reinsurers in the technical provisions amounts to a gain of 52,440 EUR

| | |
|---|---|
| Reinsurers share in the Technical Provisions 31/12/2022 | 337,438 |
| Reinsurers share in the Technical Provisions 31/12/2023 | 389,878 |
| Reinsurers share in the Technical Provisions | +52,440 |

**Change in receivables on insurer**

In 2023 the total change in the receivables on insurers amounts to 859,251 EUR.

| | |
|---|---|
| Claims on insurer 31/12/2022 | 275,464 |
| Claims on insurer 31/12/2023 | 1,134,715 |
| Change in claims on insurer | +859,251 |

As from 2015 the Fund incorporated the external Irish AVC's into the balance sheet. In 2023 the claim on the two insurance companies has increased by 26,683 EUR, from 275,464 EUR as per 31/12/2022 to 304,147 EUR as per 31/12/2023, which is only the result of an increase of the market value, since there were no claims or contributions paid.

New reinsurance claims have been introduced, including a Spanish death case of 635,788 EUR, a Spanish disability case of 121,982 EUR and a Dutch death case of 72,798 EUR, resulting in a total of 830,568 EUR.

**Transfers-in / transfers-out of accrued benefits**

The transfers-out of accrued benefits amount to 4,318,168 EUR:

| | |
|---|---|
| Transfers out of accrued benefits - Dutch section | 3,191,263 |
| Transfers out of accrued benefits - Spanish section | 1,126,905 |
| | 4,318,168 |

The transfers-in of accrued benefits amount to 1,669,727 EUR:

| | |
|---|---|
| Transfers in of accrued benefits - Dutch section | 1,628,227 |
| Transfers in of accrued benefits - Spanish section | 41,500 |
| | 1,669,727 |

**Change in technical provisions**

The technical provisions have increased by 155,319,591 EUR compared to last year.

| | |
|---|---|
| Technical Provisions for retirement and death 31/12/2022 | 1,278,101,909 |
| Technical Provisions for retirement and death 31/12/2023 | 1,433,369,060 |
| Change in technical provisions | +155,267,151 |
| | |
| Technical Provisions for disability and incapacity 31/12/2022 | 337,438 |
| Technical Provisions for disability and incapacity 31/12/2023 | 389,878 |
| Change in technical provisions | +52,440 |
| | |
| otal change in technical provisions | +155,319,591 |

The allocation of the technical provisions as per 31 December 2023 to the different sections is as follows:

| Section | Technical provisions for retirement and death 31/12/2023<br>EUR | Technical provisions for disability and incapacity 31/12/2023<br>EUR |
|---|---|---|
| The Netherlands | 1,207,083,368 | 284,076 |
| Belgium | 75,416,231 | 105,802 |
| Spain | 70,901,799 | |
| Cyprus | 9,975,262 | |
| Switzerland | 5,393,890 | |
| Ireland | 64,598,410 | |
| | 1,433,369,060 | 389,878 |

**Reinsurance**

The Fund paid a premium of 1,078,308 EUR and received a total of 541,816 EUR of payments from the reinsurer related to disability and/or death claims.

**Other technical income**

The other technical income amounts to 226,502 EUR and relate to the payments by the Belgian sponsoring undertaking of the 4,4% tax on premiums 131,982 EUR and to the contribution for administrative costs 94,520 EUR.

**Other technical expenses**

The other technical expenses amount to 16,250,913 EUR and relate to the 4.4% tax on the Belgian contributions paid by the Fund to the Federal Public Service Finance for 131,982 EUR and to taxes and social security charges on benefit payments for 16,118,931 EUR.

**Investment income and investment expenses**

The investment income of 45,017,780 EUR relates to interests on fixed income investments for 18,560,460 EUR and dividend income for 6,973,460 EUR and other income amounting to 19,483,860 EUR.
The investment expenses amount to 17,526,814 EUR and relate to investment management and custody fees for 1,309,737 EUR, withholding taxes for 872 EUR and other expenses amounting to 16,216,205 EUR.
The other income 19,483,860 EUR and other expenses 16,216,205 EUR mainly relate to interest rate swaps.

**Debt charges**

The debit interests amount to 518,133 EUR.

**Investment gains & losses and foreign exchange gains & losses**

For 2023 investment gains & losses (both realized and unrealized) result in a net gain of 101,650,883 EUR while foreign exchange gains & losses result in a net gain of 3,887,709 EUR.

**Other financial income**

In 2023 the other financial income amounts to 6,227 EUR.

**Other financial costs**

The other financial costs amount to 10,146 EUR and relate mostly to bank charges.

**Operating expenses - goods and services**

In 2023 the charges for goods and services amount to 2,743,539 EUR and include the charges for services provided to the Fund relating to pension administration, actuarial services, compliance services, management, legal support, internal audit, external audit, accounting, the annual FSMA fee, etc.

**Other operating expenses**

The other operating expenses amount to 0 EUR.

**Allocation of the total result of the year**

The total loss of the year amounts to 70,390,050 EUR and is deducted from the Social Fund (surplus), which then amounts to 221,072,997 EUR.

# Balance sheet

**ASSETS**

**Investments**

As per 31 December 2023, the total market value of the investments equals 1,603,490,739 EUR.
The Fund has invested in:

| | |
|---|---|
| Investment property | 835,000 |
| Bonds | 790,779,416 |
| Mutual funds | 797,118,779 |
| Derivatives | 14,757,544 |
| | 1,603,490,739 |

**Reinsurers share in the technical provisions**

The share of the reinsurers in the technical provisions amounts to 389,878 EUR (related to the technical provisions for disability and incapacity of the Belgian and Dutch sections).

**Receivables**

As per 31 December 2023 the receivables amount to 1,983,916 , this includes:

| | |
|---|---|
| Belgian contributions of December 2023 paid in January 2024 | 239,862 |
| Irish pensions for January 2024 paid in December 2023 | 337,542 |
| Closing value of outstanding Irish AVC's (insurer) 31.12.2023 | 304,147 |
| Receivables reinsurance company 31.12.2023 | 830,568 |
| Outstanding amount related to the loan to Cyprus members | 81,328 |
| Outstanding amount related to the loan to Belgian members | 120;524 |
| Receivable for investment sold | 69,944 |
| | 1,983,916 |

**Cash**

As per 31 December 2023 cash and cash equivalents amount to 38,451,056 EUR.

**Accrued income**

As per 31 December 2023 the accrued income amounts to 15,374,664 EUR and relates to accrued interests on bond investments of the fixed income portfolios.

**LIABILITIES**

The residual surplus forwarded to next year – after deduction of the loss of 2023 of 70,390,050 EUR - amounts to 221,072,997 EUR.

**Technical provisions**

The technical provisions increased by 155,319,591 EUR compared to last year:

| | |
|---|---|
| Technical Provisions for retirement and death 31/12/2022 | 1,278,101,909 |
| Technical Provisions for retirement and death 31/12/2023 | 1,433,369,060 |
| Change in technical provisions | +155,267,151 |
| | |
| Technical Provisions for disability and incapacity 31/12/2022 | 337,438 |
| Technical Provisions for disability and incapacity 31/12/2023 | 389,878 |
| Change in technical provisions | +52,440 |
| | |
| Total change in technical provisions | +155,319,591 |

The allocation of the technical provisions as per 31 December 2023 to the different sections is as follows:

| Section | Technical provisions for retirement and death 31/12/2023<br><br>EUR | Technical provisions for disability and incapacity 31/12/2023<br><br>EUR |
|---|---|---|
| The Netherlands | 1,207,083,368 | 284,076 |
| Belgium | 75,416,231 | 105,802 |
| Spain | 70,901,799 | |
| Cyprus | 9,975,262 | |
| Switzerland | 5,393,890 | |
| Ireland | 64,598,410 | |
| | 1,433,369,060 | 389,878 |

**Debts**

As per 31 December 2023 the debts amount to 4,856,788 EUR and consist of:

| | |
|---|---|
| Taxes and social security on benefit payments Belgian section | 17,232 |
| Technical debts (net payments payable) | 2,408 |
| Taxes on contributions (Belgian section) | 42,482 |
| Taxes and social security on pension payments Spanish section | 406,950 |
| Invoices to be paid or to be received related to services rendered in 2023 | 725,509 |
| Payable for investments purchased | 155,014 |
| Other payables related to the investments | 3,507193 |
| | 4,856,788 |

The provision for invoices to be paid or to be received related to services rendered by service providers in 2023 (to be paid in 2024):

| | |
|---|---|
| Investment management fees | 291,506 |
| Fund accounting and custody fees | 27,393 |
| Pension administration fees | 306,511 |
| Fees for legal services, accounting, audit, administration | 100,099 |
| | 725,509 |

**Deferred income and accrued charges**

| | |
|---|---|
| Interest related to loan to an active Belgian scheme member for 01/01/24-30/06/24 received 12/23 | 1,530 |

The full balance sheet and profit and loss account were reviewed by the Board without any remarks and is hereby attached to this Annual report. All the contributions including the additional deficit funding were paid in a timely fashion as determined by the Board on the basis of the actuarial report and the Financing Plan.

## 12. Significant events following the closing of the financial year

After the closing of the financial year 2023, the Board of Directors decided to further develop the sustainability objective as included in the Statement of Investment Principles. For the DB sections, excluding the Netherlands due to the pension reform, the Board of Directors decided to move to article 8 SFDR compliant investment products where possible. For the DC-section, this move is on hold, given the refusal expressed by the Spanish Control Committee.

Any queries in relation to the day-to-day administration and management of the Fund can be addressed to :

Dimitri de Marneffe / An Van Damme
Nexyan BV
Excelsiorlaan 23
1930 Zaventem
nexyan.xbbp@bp.com,

Besemer Frank
Chairman

Dimitri de Marneffe / An Van Damme
Nexyan BV
Secretary