OFP BP PENSIOENFONDS

ANNUAL REPORT

for the year ended 31 December 2020

The Board of Directors of the Fund on the date this report was adopted consisted of:

- Besemer Frank	BP RR CFO, Netherlands
- Horner Giles	BP Treasury, UK
- Lindaart Harm Jan	BP Reward, Netherlands
- Wilder Rupert	BP Reward, UK
- Laureys Inge	BP M&A, Belgium

Pan-European structure

This report includes the information for Belgium, Ireland, Switzerland, Spain, Cyprus and The Netherlands. During 2020 no new Country sections were added nor have any of the OFP's sponsors left the Fund.

The bp group started two projects that impacted the Fund.
One project called QUEENS was the share sale of bp's Petrochemicals activities globally which only impacted the Belgian section of the fund. Two sponsoring companies, BP Chembel and BP Aromatics transferred out to INEOS and Castrol (Ireland) Ltd has taken over the assets and liabilities of the deferred Petrochemicals members staying with the BP Fund. An adhoc ORA was drafted for this significant event.
The other project called LESS was the separation of bp's lubricants activities into new legal entities which impacted both the Dutch, with Castrol Nederland BV, and the Belgian section, with Castrol Belgium BV.
Both projects were implemented as from January 1st, 2021.
Expectations are that project LESS will also impact the Spanish section on July 1st, 2021.

With reference to last year's Annual report in which the board reported under important and significant events 2020. The Covid-19 pandemic and the crude oil price decrease which were monitored closely and managed appropriately. The directors reached out to their main service providers to check on their business continuity practises and so being able to provide the regular services under these unusual circumstances. No issues or disruptions in the regular ongoing service were reported nor monitored during the year by the board. Given the COVID-19 impact on stock markets and their increased volatility the board as well as FSMA monitored the financial situation of the Fund and other larger IORP's very closely.

A review of the investment portfolios of the Fund had been conducted during the previous year together with Willis Towers Watson. For the Dutch section a revised portfolio was constructed and execution of the majority of the changes during 2019. In the course of 2020, the board has implemented the investment into Secure Income Assets and Alternative Credits as mainly long-term additional diversification investment tools for the Fund.

In the course of 2020 an ESG (Environmental, Social and Governance) policy was put in place.

During the year the board continued working on a project that challenged the current ways of operating of the board to improve efficiency as well as doing a self-assessment of all the competences of its individual members to be able to remedy any potential gaps.
The bp group's reinvent programme has influenced and delayed the progress of this project.

To support the board and increase efficiency of their meetings an Investment sub-group (ISG) was created. The board decides that this Investment sub-group will not act as an official Investment Committee as determined in the By-laws. they will only handle the detailed preparation work to then bring this to the board for discussion and approval.

The board, at the request of FSMA, had participated to the EIOPA IORP Stress Test last year and it was concluded that in the current set-up the sponsor support is important for the Fund but that no immediate action is necessary given the current prudent approach of the Fund.
status Investments and FSMA questionnaire.

– Country Committees

- For the **Belgian** Country Management Committee, the members are:

  - Mr. Van Vossole Patrick (Chairman)
  - Mrs. Pieters Vanessa

- For the **Irish** Country Management Committee, the members are:

  - Mr. James Matthews
  - Mr. Andrew Hayes
  - Mr. David Blayney
  - Mr. Shay Darby

- For the **Swiss** Country Management Committee, the members are:

  - Discontinued

- For the **Spanish** Country Management Committee, the members are:

  - BP OIL ESPAÑA, S.A.U.
    - Antonio Roqueta Mateu (Chairman)
    - Vacant role (Secretary)
    - Francisco Jose Carrión Carrion
    - Vicente Bonachera Forner
    - Vicente Ros Segura
    - Francisco Javier Sánchez López
    - Fernando Menendez
    - Vicente Ochoa (beneficiaries' rep)
  - BP ESPAÑA PLAN
    - vacancy to be determined (Chairman)
    - Beatriz Galvez (Secretary)
    - Miguel Angel Sanchez Melero

- For the **Cyprus** Country Management Committee, the members are:

  - Stavros Photiou (Chairman)
  - Georgia Epaminonda (Secretary)
  - Marios Georgiou
  - Savvas Marselli
  - Avgi Aresti

- For the **Dutch** Country Management Committee, the members are:

  - van Tilborg Peter-Paul (Chairman)
  - Besemer Frank
  - Lindaart Harm Jan
  - de Deugd Jack
  - de Kam Richard
  - Baltussen Arno J.M.
  - Nieuwenhuize Jan

– Daily Management Body

The current composition of the Daily Management Body is:

- Mr. Lindaart Harm Jan
- Mr. Van Vossole Patrick
- Mrs. Pieters Vanessa

Sponsoring Undertakings and Pension Schemes

BELGIUM - BP Europa SE – BP Belgium, Castrol Belgium BV and Castrol (Ireland) Ltd.
* 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 BP Basic Scheme (blue collar) - Oil sector

* Defined contribution scheme (with interest guarantee)
  - Ex-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
  - 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'acceuil) Scheme – All Belgium

IRELAND - Castrol (Ireland) Ltd.
* Defined benefit pension schemes:
  - Non-Contributory Pension Scheme - closed

SWITZERLAND - BP Europa SE, Hamburg, Zweigniederlassung BP Zug
* Defined benefit pension scheme:
  - Foseco Pension Scheme - closed

SPAIN - BP Oil España S.A.U. & BP España S.A.U.

* Defined contribution scheme (without interest guarantee):
- BP España Pension Scheme
- BP Oil España Pension Scheme
  (including integration of the collective of participants from BP Oil Refinería de Castellón)

* Defined benefit scheme:
- BP Oil España DB Pension Scheme – closed

CYPRUS - BP Eastern Mediterranean Limited

* 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

THE NETHERLANDS - BP Europa SE – BP Nederland, BP Raffinaderij Rotterdam B.V. and Castrol Nederland BV

* 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 Plan

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

Governance

The Compliance Officer, Mrs. Vanrespaille Lore, who was represented by Mr. Billiet Thiery in her maternity leave absence and the Internal Auditor, Mr. Cauwenberghs Steven who was represented by Mrs. Peeters Imke in his absence, presented to the Board their findings and recommendations of their annual review of the working of the OFP at the May Annual Board meeting. The Internal Audit review was mainly focused on the asset Management and Cash Planning and the pension administration and IT processes of the Belgium and Irish sections. The compliance review was mainly focused on the Belgian implementation of IORP II, legislation updates and the Pan-European situation. A review was also done of the OFP's governance documents that were up for review during the year. No major issues were identified by the Compliance Officer nor the Internal Auditor. The Board has implemented or intends to review/implement the recommendations in the near future.
The board reviewed and updated all the governance documents of the Fund.

Since the introduction of IORP II the risk management function is a new mandatory key function. In the course of the year the board appointed a risk manager, AoN-Verkest Thierry.
Two new governance documents were created for this purpose 'the Risk management & ORA policy' and 'the Charter of the risk manager'.
A Data Privacy Officer was also selected and appointed from the company BDO, Troussart Laurence. For this purpose, a DPO Charter was created.

Changes to the pension plan rules

-During 2020 no major changes were made to the pension rules for Ireland, Switzerland, Spain or Cyprus.
-For the Netherlands the following Dutch pension plans were updated as required by Dutch law:
- 1991 BP Raffinaderij Rotterdam B.V. (DB Closed Plan)
- 1998 BP Europa SE – BP Nederland (DB Closed Plan)
- 2002 BP Europa SE – BP Nederland (DB & DC Closed Plan)
- 2003 BP Raffinaderij Rotterdam B.V. (DB & DC Closed Plan)
- 2006 BP Europa SE – BP Nederland (DB & DC Closed Plan)
- 2006 BP Raffinaderij Rotterdam B.V. (DB & DC Closed Plan)

These regulations were updated due to the transition to the OFP, legislative changes and decisions of the sponsors.
-For Belgium all the pension plans were reviewed and updated due to the changes triggered by projects Queens and Less, all according to Belgian law. Two new pension plans were also introduced as listed on page 4.

Funding position – DB scheme sections

At the end of 2020 the Fund meets the overall legal minimum funding requirements as determined in the Financing Plan. The actuarial assumptions used by the OFP for each country section were reviewed, discussed and updated.

The discount rate is differentiated per country 'SEDR':

- Belgium	0.47% (0.95%)	- Ireland	-0.25% (0.23%)
- Switzerland	0.06% (0.45%)	- Spain	0.25% (0.66%)
- Cyprus	0.27% (0.73%)	- the Netherlands	0.67% (1.22%)

The actuarial calculations confirmed that the overall DB funding ratios for the OFP are STP to be equal to 117.7% (115.2%) and for the LTP to be equal to 107.8% (106.0%).

For the **Belgian section** of the fund the actuarial calculations confirmed that the technical funding ratio (STP) to be equal to 156.2% (161.3%), the long-term valuation (LTP) result to be equal to 125.4% (130.9%). Compared to last year the STP ratio has decreased with -5.1% and the LTP ratio has also decreased with -5.5%.
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 and was determined at 96.5% (102.6%), a decrease of -6.1% compared to last year.
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 (STP) is equal to 125.1% (121.6%), the long-term valuation (LTP) result is equal to 120.1% (116.7%). Compared to last year the STP ratio has increased with +3.5% and the LTP ratio with +3.4%.
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 and was determined at 119.9% (116.5%), an increase of +3.4% compared to last year.

For the **Swiss section** of the fund the actuarial calculations confirmed that the technical funding ratio (STP), the long-term valuation (LTP) and the PBO calculation all were determined at 84.1% (91.4%), a decrease of -7.3% compared to last year.

For the **Spanish section** of the fund the actuarial calculations confirmed that the technical funding ratio (STP), the long-term valuation (LTP) and the PBO calculation all were determined at 89.9% (87.6%), an increase of +2.3% compared to last year.

For the **Cypriot section** of the fund the actuarial calculations confirmed that the technical funding ratio (STP) and the long-term valuation (LTP) result is equal to 109.2% (111.3%). Compared to last year both STP and the LTP ratios decreased with -2.1%.
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 and was determined at 94.4% (96.0%), a decrease of -1.6% compared to last year.

For the **Dutch section** of the fund the actuarial calculations confirmed that the technical funding ratio (STP) to be equal to 116.5% (111.6%), the long-term valuation (LTP) result is equal to 106.5% (104.1%). Compared to last year the STP ratio has increased with +4.9% and the LTP ratio has also increased with +2.4%.
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 and was determined at 94.0% (91.7%), an increase of +2.3% compared to last year.

Scheme Membership data at 31 December 2020 for Belgium, Ireland, Switzerland, Spain, Cyprus and the Netherlands

OFP BP Pensioenfonds	31-Dec-20						Total	31-Dec-19						Total
	Belgium	Ireland	Switzerland	Spain	Cyprus	The Netherlands		Belgium	Ireland	Switzerland	Spain	Cyprus	The Netherlands	
Active members														
Active employees	644	1	0	865	21	989	2,520	641	1	0	835	21	1016	2,514
Total active members	**644**	**1**	**0**	**865**	**21**	**989**	**2,520**	**641**	**1**	**0**	**835**	**21**	**1016**	**2,514**
Non-active members														
Deferred members	590	28	0	325	2	1,232	2,177	596	33	0	330	2	1,385	2,346
Pensioners	181	253	5	23	67	2,138	2,667	196	255	5	24	71	1,730	2,281
Total non-active members	**771**	**281**	**5**	**348**	**69**	**3,370**	**4,844**	**792**	**288**	**5**	**354**	**73**	**3,115**	**4,627**
Total members	**1,415**	**282**	**5**	**1213**	**90**	**4,359**	**7,364**	**1,433**	**289**	**5**	**1189**	**94**	**4,131**	**7,141**

DC members - Previnet	31-Dec-20						Total	31-Dec-19						Total
	Belgium	Ireland	Switzerland	Spain	Cyprus	The Netherlands		Belgium	Ireland	Switzerland	Spain	Cyprus	The Netherlands	
Active employees				867	21	149	**1,037**				836	21	150	**1,007**
Deferred members				341	4	825	**1,170**				347	4	841	**1,192**
Pensioners							**0**							**0**
Total members				**1,208**	**25**	**974**	**2,207**				**1,183**	**25**	**991**	**2,199**

The Scheme is currently open to employees of BP Europa SE – BP Belgium, Castrol Belgium BV, Castrol (Ireland) Ltd., BP Europa SE, Hamburg, Zweigniederlassung BP Zug, BP España S.A.U., BP Oil España S.A.U., BP Eastern Mediterranean Limited, BP Europa SE - BP Nederland, BP Raffinaderij Rotterdam B.V. and Castrol Nederland B.V. all these legal entities' are member of the General Assembly of the OFP BP Pensioenfonds.

How the Scheme was invested and performed in 2020

Both BlackRock and BNP Paribas are our 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 OFP and has been valued at 31.12.2019 by our external land surveyor at € 835.000.

The Fund's assets are invested in line with each of the country section strategies outlined within the guidelines as described in the Statement of Investment Principles (SIP). The Fund's main country portfolios have been reviewed in the second half of 2018.

The total DB-portfolio, amounting to € 1.773M, return YTD 2019 was determined at +13.3 (-0.9%), this was the result of a positive return of +28.2 (-6.3%) on the equity Funds and +12.2% (-7.8%) on credit investments and +24.4% (-1.7%) on property investments and an overall Bond return of +8.2% (0.9%).

At 31.12.2019 the total asset mix of the DB-portfolio was split-up between a Matching portfolio of 65.0% mainly bonds, government and corporate, and a Growth portfolio of 34.3% mainly equity, credit and property and 0.7% in cash.

The investment mix of the DB-portfolio at the beginning and the end of 2019 is set out in the below table. These numbers include the cash positions on the OFP'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	**31.12.2019 (Million €'s)**		**31.12.2019 (%)**	**31.12.2018 (%)**	**Investment Policy (%)**
Total Matching Portfolio	1.152.6		65.0	66.2	**66.7**
Total Growth Portfolio	608.4		34.3	32.9	**33.3**
Total cash	11.9		0.7	0.9	0.0
Total DB Portfolio	**1,772.9**		**100.0**	**100.0**	**100.0**

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 for the Dutch section a separate DC-portfolio was set-up at BlackRock as well.

The total return YTD 2019 that was determined at +16.73% (-1.82%), this was the result of a positive return of +27.07% (-5.75%) on the equity Funds, a positive Bond return of +9.04% (+1.9%) and for cash the return was calculated at -0.42% (-0.3%).

At 31.12.2019 the total asset mix of the DC-portfolio was Equity 46.89% (45.24%), Bonds 49.05% (50.81%) and Cash 4.06% (3.95%).

This is the combined result of the overall investments of the individual DC-accounts of all the Spanish, Cypriot and Dutch member accounts according to the LiveCycle Investment Structure that was set-up for them or when legally allowed their self-select option.

The investment mix of the DC-portfolio at the end of 2019 is set out below:

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

Investment Portfolio	**31.12.2019 (Million €'s)**		**31.12.2019 (%)**	**31.12.2018 (%)**
Equities	55.28		46.89	45.24
Fixed income	57.83		49.05	50.81
Cash	4.79		4.06	3.95
Total DC Portfolio	**117,90**		**100.0**	**100.0**

Combined the DB-portfolio of € 1.773 M and the DC-portfolio of € 118 M, invested nearly entirely with BlackRock, BNP Paribas and Towers Watson, represent a total amount of assets of € 1.891 M managed within the OFP BP Pensioenfonds at 31 December 2019.

Based on the virtual "Ring Fencing" sheet Willis Towers Watson prepares for the Board these assets are split-up by country:

Year 2020	Belgium	Spain	Swiss	Cyprus	Total RF	Ireland	NL	Grand total
Beginning (End Q4 of 2019)	**137,474,974**	**3,640,667**	**6,092,681**	**8,210,174**	**155,418,496**	**108,588,680**	**1,508,927,576**	**1,772,934,752**
Cash out	5,788,216	1,180,324	834,684	663,758	8,466,982	4,990,950	42,969,815	56,427,748
Benefit Payment	***3,929,620***	***312,994***	***473,806***	***577,866***	***5,294,287***	***3,635,456***	***28,035,481***	***36,965,224***
Re-insurance Premiums	**320,963**	**562,083**	**0**	**19,418**	**902,465**	**2,248**	**773,693**	**1,678,406**
Taxes on Benefits	**940,867**	**203,825**	**335,860**	**0**	**1,480,552**	**1,106,662**	**11,159,995**	**13,747,210**
Taxes on Premiums	**216,189**	**0**	**0**	**0**	**216,189**	**0**	**0**	**216,189**
Expenses	***380,577***	***101,421***	***25,018***	***66,474***	***573,489***	***246,584***	***3,000,645***	***3,820,718***
Cash In	*6,045,828*	*650,756*	*0*	*283,455*	*6,980,039*	*21,160*	*70,776,897*	*77,778,096*
Contributions	5,360,296	650,000	590,000	255,159	6,855,455	0	68,543,529	75,398,985
Repayment Re-Insurance	27,137	0	0	0	27,137	0	411,302	438,440
Transfer In	0	756	0	0	756	0	1,303,725	1,304,481
Other Income	658,394	0	-590,000	28,296	96,691	21,160	518,339	636,190
Asset Return	4,604,315	109,952	217,389	304,350	5,236,006	3,579,575	96,555,271	105,370,851
Total	142,336,900	3,221,052	5,475,386	8,134,221	159,167,559	107,198,465	1,633,289,928	1,899,655,951
Residual Value	-900,820	-20,735	-38,399	-52,832	-1,012,786	0	0	-1,012,786
Residual Return	-0.64%	-0.65%	-0.71%	-0.65%	-0.64%	0.00%	0.00%	-0.05%
Market Value of Assets EOY	**141,436,080**	**3,200,317**	**5,436,986**	**8,081,389**	**158,154,772**	**107,198,465**	**1,633,289,928**	**1,898,643,165**
Receivables	**501,682**	**0**	**0**	**32,136**	**533,819**	**352,596**	**0**	**886,415**
Debts specific	**63,676**	**32,783**	**2,230**	**2,739**	**101,428**	**23,284**	**252,436**	**377,148**
Debts General	**9,507**	**305**	**365**	**543**	**10,721**	**7,206**	**109,785**	**127,711**
Diff. Ass.Man. vs. StateStreet	**2,880**	**65**	**111**	**165**	**3,221**	**-98,245**	**980,764**	**885,740**
Market value of Assets EOY incl. Debts/Receivables	**141,867,460**	**3,167,293**	**5,434,502**	**8,110,409**	**158,579,663**	**107,422,326**	**1,633,908,472**	**1,899,910,461**

The amount of € 1.012.786 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 € 886.415 mentioned under "Receivables" consists mainly of Irish pensions € 352.596 paid in December for January 2021, for Belgium these are the December contributions to be received in January € 480.441 and a reinsurance receivable of € 21.241, for Cyprus this relates to the member loans for € 32.136. The amount of € 377.148 mentioned under "Debts-specific" consists mainly of Q4.2020 service charges and Investment Managers fees which were not yet invoiced to the OFP at 31/12/2020, for Belgium and for Spain this mainly relates to 2020 withheld taxes and social security due in January next year and the amount of € 127.711 mentioned under "Debts-General" relates to service provider charges at Fund level. The difference in valuation between the Asset Managers and the Custodian were mainly due to timings differences and was determined at € 885.740.

Investment strategy

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 OFP's beneficiaries.

For the purposes of setting investment strategy, the Directors take into consideration the economic characteristics and maturity structure of the OFP's liabilities, the size of the OFP assets, future cash-inflows and outflows, the funded status of the OFP, 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 Analysis 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 OFP 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 30 September 2018, the approximate duration of the liabilities of those sections on the LTP basis were Belgium 12 years, Spain 7.7 years, Switzerland 6 years and Cyprus 7.9 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 will 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 third quarter of 2018 the duration of the liabilities of the Irish section on the LTP basis was approximately 11.

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, following the latest investment strategy review, 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. Given the illiquid nature of the Secure Income investments, implementation is planned to take place over the period to the end of 2019.

In concert with this, the Directors have adopted a dynamic interest rate hedging strategy for the Dutch section where the target hedge ratio is related to both the funding level of the section on a PBO basis and the absolute level of interest rates. Based on the expected evolution of funding level and interest rates, the section is expected to have a hedge ratio of 51% by the end of 2020. 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. The dynamic interest rate strategy is based on the following principles:

- Interest Rate < 3% and Funding Level < 110%: Average Weighted Duration Bonds **and SIA** = 75% duration liabilities (=/- 15 years)
- Interest Rate < 4% and Funding Level < 120%: Average Weighted Duration Bonds **and SIA** = 100% duration liabilities (=/- 20 years)
- Interest Rate > 4% or Funding Level > 120%: 100% i-rate matching from bonds **and SIA** but maximum equal to funding level

The board also agreed to a gradual increase from the current level of interest rate matching to the target required level of interest rate matching according to these principles as follows:

- By end 2018: increase duration of matching portfolio to 12 years
- By end 2019: increase duration of matching portfolio to 13,5 years
- By end 2020: increase duration of matching portfolio to the target required level (+/- 15 years)

The duration of the liabilities for the Dutch section on the LTP basis was approximately 18 at the end of the third quarter of 2018. For the Growth portfolios of the Dutch, Belgian and Cypriot sections the Directors have opted to improve the level of diversification through the introduction of new Alternative Credit asset classes. The implementation of this allocation is expected to take place during 2019.

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.

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 OFP, 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 OFP.

Should there be a Stabilisation Fund established under Article 34 of the Byelaws, its strategic allocation will be equal to the weighted average strategic allocation of the various Schemes.

Strategic Asset Allocation for the OFP
Incorporating the initial investment strategy of the Netherlands section and using asset valuation at 30 June 2018, the indicative weighted strategic asset allocation, and the permitted bandwidths for the OFP 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)		50%	
Secure Income Assets		15%	
Growth	**30%**	**35%**	**40%**
ACWI Equities	12%	15%	18%
Alternative Credit	12%	15%	18%
Listed European Property	3%	5%	7%

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

For the non-Dutch non-Irish sections:

	Belgium	Spain	Switzerland	Cyprus		Total	
Assets € ~ ring-fencing Q3 2018	127.938.539	4.127.937	6.653.595	8.097.939		146.818.010	
Distribution key	87,14%	2,81%	4,53%	5,52%	Min	SAA	Max
Matching	**55,0%**	**100,0%**	**100,0%**	**55,0%**	**53,3%**	**58,3%**	**63,3%**
BR Euro Corp.	25,0%	50,0%	50,0%	25,0%	21,8%	26,8%	31,8%
BR Euro Govern.	30,0%	50,0%	50,0%	30,0%	26,5%	31,5%	36,5%
Growth	**45,0%**	**0,0%**	**0,0%**	**45,0%**	**36,7%**	**41,7%**	**46,7%**
EM Equities	5,0%	0,0%	0,0%	5,0%	2,6%	4,6%	6,6%
DM Equities	25,0%	0,0%	0,0%	25,0%	18,2%	23,2%	28,2%
Altern. Credit	10,0%	0,0%	0,0%	10,0%	7,3%	9,3%	11,3%
Listed EU Property	5,0%	0,0%	0,0%	5,0%	2,6%	4,6%	6,6%

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 OFP 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 OFP 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: The investment policy evaluation and portfolio construction processes do not currently 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 will be engaging in a full review of the environmental, social and governance policy during 2019.

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 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 has appointed State Street Bank Gmbh (Amsterdam branch) as a global custodian.

1. **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 the asset allocation for a member during the consolidation phase approaching 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 30% Euro government and corporate bonds
Investment style:	100% index funds
Consolidation phase:	10 years, from equities to cash 5 years, from bonds to cash
Glide path (linear):	7% p.a. switch from equities to cash, 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 the asset allocation for a member during the consolidation phase approaching 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 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 the asset allocation for a member during the consolidation phase approaching 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 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 the asset allocation for a member during the consolidation phase approaching 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.

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.

Asset Class	Strategic Allocation %					
	Ireland	Belgium	Switzerland	Spain	Cyprus	Netherlands
Equities	0%	30%	0%	0%	30%	15%
Euro IG Bonds						50%
Euro Government bonds incl.supranat.	100%	30%	50%	50%	30%	0%
Euro Investment Grade Corporate bonds	0%	25%	50%	50%	25%	0%
Property	0%	5%	0%	0%	5%	5%
Alternative Credit	0%	10%	0%	0%	10%	15%
Secure Income Assets	0%	0%	0%	0%	0%	15%
Total	100%	100%	100%	100%	100%	100%
Expected 10-year return on assets (% p.a.)	**1.1**	**2.4**	**0.5**	**0.5**	**2.4**	**2.6**
Expected 1-year volatility (%p.a.)	**4.4**	**7.9**	**4**	**4**	**7.9**	**7.4**

* “Alternative Credit” comprises high yields, emerging market debt, private debt, securitized debt and similar non-mainstream fixed income.

The above expected return and volatility figures are based on the below projections for the underlying asset classes as at October 2018.

% p.a.	Expected Return	Expected Volatility
Equities	4.4	19.0
Euro Government bonds	0.2	4.4
Euro Corporate bonds	0.8	4.7
Euro Property	3.0	15.4
Secure Income Assets	2.8	7.3
Alternative Credit	2.4	9.0

Investment Mandates

The initial investment strategy to be adopted for the Dutch section is reflected in this SIP and will be managed by BlackRock Investment Management (UK) Limited (“**BlackRock**”). The investment mandate relating to the Dutch section is to be formalized with BlackRock and the key aspects are incorporated in the summary below. This SIP will be updated when the details of the BlackRock mandate are finalised.

The assets of the Cypriot schemes have been transferred to the OFP following admission at the beginning of January 2016, except for one legacy direct property holdings which is being re-registered to the OFP 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% (85% as at implementation)
  - 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.

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 and the 3-year transition plan taking into account the average weighted term (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; and
    - 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.

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
    - Benchmarks
        - Developed Market Equities
        - Emerging Market Equities
        - European Property
    - 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
  - Section: Dutch DB Section
  - Permitted investments: collective funds:
    - Euro Government Bonds
    - Euro Corporate Bonds
    - Developed Market Equities
    - Emerging Market Equities
    - European Property
  - Benchmarks
    - Euro Government Bonds:
    - Euro Corporate Bonds:
    - Developed Market Equities
    - Emerging Market Equities
    - European Property
  - The investment objective is to deliver the same return% as the benchmark with a minimum tracking error against the same benchmark.

At the time of establishment of this SIP, the manager for the alternative credit bonds had not yet been selected. This is expected to happen during 2019. In the meantime, both BNP Paribas Investment Partners and BlackRock Investment Management (UK) Limited will continue to manage the existing holdings in high yield bonds, emerging market debt and global bonds until transition.

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 OFP'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.

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.

Risk Management

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 OFP's overall investment performance as appropriate.

The Directors may manage operational risk by inter alia:
Appointing a professional, regulated external third-party custodian to hold the OFP's financial assets in accordance with a Custody Agreement negotiated by the Directors;
Documenting controls and constraints relating to the relationships with the appointed external investment managers in the Investment Manager Agreements;
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
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 below.

Market risk is the risk that the investment return of the OFP falls short of the growth in liabilities due to inadequate returns earned by asset classes included in the strategic asset mix. The Directors mitigate market risk by inter alia:
Diversifying investments within each major asset class included in the strategic asset mix
Monitoring and re-balancing the portfolio so that the proportion of assets invested in each major asset class remains within the limits prescribed by the SIP;
Where practical, restricting the fixed income portfolio to investments denominated in the currency of the Schemes so as to match the currency in which liabilities are paid;
Matching (in part or in full) the duration or timing of cash flows from fixed income portfolios with those of the liabilities to reduce the interest rate risk exposure for the Dutch and the Irish Section;
Regular monitoring of the strategic asset mix to ensure its ongoing appropriateness for the circumstances of the OFP.

Manager risk is the risk that the investment returns earned by the managers appointed by the Directors falls short of the benchmark against which their performance is measured. The Directors mitigate manager risk by inter alia:
Investing in collective investment vehicles that are passively managed against widely used broad market indices where appropriate;
Restricting the investment activities of externally appointed investment managers through investment manager agreements that are tailored to be consistent with the overall investment objective of the OFP;
Requiring the investment managers to monitor and rebalance the asset mix of their portfolio as specified in the IMA to ensure the allocation to each asset class remains within the strategic asset allocation weights;
Regular monitoring of the investment performance of each manager, taking into consideration both return and risk aspects of performance.

Liquidity risk is the risk that the OFP, although solvent, does not have sufficient financial resources available to enable it to meet its obligations as they fall due, or can only fulfill them at excessive cost. The Directors mitigate liquidity risk by inter alia:

a. Monitoring the OFPs' operating cash flows and liquidity strains;
b. Investing the OFP's assets substantially in financial instruments that are liquid and readily marketable so that illiquid investments, if any, will constitute only a small proportion of the total assets and will not pose any adverse consequence to the liquidity of the OFP.
c. Running a cash flow matching portfolio for the Irish DB section (a cash flow negative section) whereby a key objective is to allow for sufficient liquidity (cash availability) at any time.

Credit risk (in relation to fixed income investment) is the risk that the bond issuer is unable to meet all interest and principal payments in full and on schedule. Credit risk in the Matching Portfolio is mitigated by restricting the debt securities to investment grade and by avoiding taking active positions on credit exposure. For most sections, passive exposure to defined debt securities universes is gained using a combination of publicly available unitized funds. Part of the Matching Portfolio for the Dutch section is managed on a segregated basis using high quality Eurozone government and corporate bonds which provide additional flexibility for hedging the liabilities. The Growth Portfolio will be allowed greater but controlled credit risk exposure through pooled funds by investing in alternative credits for diversification and to generate enhanced returns from the additional credit spreads.

Interest rate risk is the risk that the change in the market value of assets does not offset fully the change in the value of the liabilities as a result of changes in the market interest rates. The board of directors has identified the Dutch and the Irish DB plans to represent the large majority of the interest rate risk. For the Irish DB section, a full cash flow matching strategy is adopted. In view of the size of the Dutch plans, a tailored strategy is adopted for the Dutch section to reduce the interest rate exposure by extending the duration of the Matching Portfolio assets which include the use of a combination of a segregated bond portfolio, interest rate swaps and secure income assets. A dynamic interest rate hedging policy has been put in force.

Currency risk is the risk that exchange rate fluctuations will impact the value of the investments denominated in currencies other than those in which the liabilities are expressed. The underlying investments in the Matching Portfolio are all denominated in Euro; only investments in the Growth Portfolio is allowed limited currency exposure which is not hedged as the Directors consider the currency effects to be neutral over the long-term and the short-term exposure to be acceptable.

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.

Exercise of Investment Rights

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

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

In casting votes in respect of the OFP, 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 OFP as part of their normal investment responsibilities.

Financial information at 31 December 2020:

OFP BP PENSIOENFONDS

Balance Sheet 31/12/2020

ASSETS	Current year	Previous year	LIABILITIES	Current year	Previous year
Investments	**1,934,442,414**	**1,861,691,098**	**Equity**	**146,791,743**	**107,512,156**
Mutual funds	862,340,666	840,577,196	Surplus (social fund)	146,791,743	107,512,156
Bonds	1,037,034,234	1,018,535,047			
Investment property	835,000	835,000	**Technical provisions (pension liabilities)**	**1,878,387,657**	**1,785,661,359**
Derrivatives	34,232,514	1,743,855	Retirement and death	1,877,732,900	1,784,498,188
			Dissability	654,757	1,163,171
Reinsurers share in the technical provisions	**635,644**	**1,163,171**			
Disability and incapacity for work	635,644	1,163,171			
Accounts receivable	**1,180,923**	**935,561**	**Debts**	**2,276,305**	**2,498,152**
Contributions	480,441	227,990	Technical debts	0	0
Receivables on sponsoring undertaking	0	22,051			
Credits (1)	384,732	406,186	Taxes and social security (3)	67,032	34,596
Receivables on insurance company (2)	288,068	279,334	Other debts (4)	2,209,273	2,463,556
Other receivables	27,682	0			
Collateral	0	0			
Cash	**80,334,924**	**20,590,498**			
Deferred charges and accrued income	**10,861,800**	**11,291,338**	**Deferred income and accrued charges**	**0**	**0**
Total assets	**2,027,455,705**	**1,895,671,666**	**Total liabilities**	**2,027,455,705**	**1,895,671,666**

(1) = prepaid pensions (Jan 2021) + Loan CY

(2) = Additional Voluntary Contricutions (IE) + receivable reinsurance company (BE)

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

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

OFP BP PENSIOENFONDS

Profit & Loss Account 31/12/2020

	Current year	Previous year
Technical result (gain - / loss +)	**67,529,280**	**238,144,458**
Contributions	-78,397,817	-53,216,444
Benefit payments	37,162,846	35,032,364
Change in reinsurers share in the technical provisions	527,527	-422,592
Change in receivable insurance company	-8,734	155,041
Transfer in of accrued benefits	-1,306,246	-1,315,930
Transfer out of accrued benefits	1,794,852	3,119,374
Changes in technical provisions (pension liabilities) (increase + / decrease -)	92,726,298	240,742,039
Reimbursement reinsurance company	-448,266	-764,140
Reinsurance premiums paid	1,678,406	1,802,400
Other technical income	-316,898	-203,171
Other technical costs	14,117,312	13,215,518
Financial result (gain - / loss +)	**-109,293,522**	**-224,260,815**
Investment revenues	-18,907,331	-21,842,022
Investment costs	4,002,875	3,685,160
Debt charges	651	209
Exchange results	116,486	507,765
Realized and unrealized gains and losses	-94,552,401	-206,622,042
Other financial income	-9,131	-4,759
Other financial costs	55,329	14,874
Operating result (gain - / loss +)	**2,484,655**	**2,474,277**
Operating expenses - services	2,484,526	2,474,149
Other operating expenses	129	128
Other operating income	0	0
Taxes	**0**	**0**
Taxes	0	0
Taxes returned / recaimed	0	0
Result of the financial year		
Profit (-)	**-39,279,587**	
Loss (+)		**16,357,921**

	Current year	Previous year
Profit for appropriation (+) / Loss for appropriation (-)	**39,279,587**	**-16,357,921**
Profit for appropriation (+) / Loss for appropriation (-) of the financial year	39,279,587	-16,357,921
Loss brought forward from the previous year (-)		0
Solvency margin		**0**
Allocation (-)		0
Deduction (+)		0
Social fund	**-39,279,587**	**16,357,921**
Allocation (-)	-39,279,587	0
Deduction (+)		16,357,921

Profit and Loss account

Contributions

The total contributions related to 2020 amount to 78.397.817 EUR.

Section	Contributions EUR
The Netherlands	68.950.711
Belgium	5.376.195
Spain	2.936.120
Cyprus	544.791
Switzerland	590.000
Ireland	0
	78.397.817

Benefits

The benefits paid by the OFP amount to 37.162.846 EUR (net amounts):

Benefit payments Dutch section	27.967.206
Benefit payments Belgian section	3.931.147
Benefit payments Irish section	3.238.173
Benefit payments Swiss section	473.806
Benefit payments Spanish section	973.758
Benefit payments Cyprus section	578.756
	37.162.846

Change in reinsurers share in the technical provisions

Reinsurers share in the Technical Provisions 31/12/2019	1.163.171
Reinsurers share in the Technical Provisions 31/12/2020	635.644
Reinsurers share in the Technical Provisions	-527.527

Change in receivables on insurer

In 2020 the total change in the receivables on insurers amounts to 8.734 EUR.

Claims on insurer 31/12/2019	279.334
Claims on insurer 31/12/2020	288.068
Change in claims on insurer	8.734

As from 2015 the OFP incorporated the external Irish AVC's into the balance sheet. In 2020 the claim on the two insurance companies has increased by 4.484 EUR, from 262.343 EUR as per 31/12/2019 to 266.827 EUR as per 31/12/2020, which is the combination of a claim paid (-3.654 EUR) and an increase of the market value (8.138 EUR). As per 31/12/2020 there is also a claim on another insurer amounting to 21.241 EUR (related to the Belgian section).

Transfer in / transfer out of accrued benefits

The transfers out of accrued benefits amount to 1.794.852 EUR:

Transfers out of accrued benefits - Dutch section	881.272
Transfers out of accrued benefits - Spanish section	527.320
Transfers out of accrued benefits - Irish section	386.260
	1.794.852

The transfers in of accrued benefits amount to 1.315.930 EUR:

Transfer in of accrued benefits - Dutch section	1.303.725
Transfer in of accrued benefits - Cyprus section	1.765
Transfer in of accrued benefits - Spanish section	756
	1.306.246

Change in technical provisions

The technical provisions have increased by 92.726.298 EUR compared to last year.

Technical Provisions for retirement and death 31/12/2019	1.784.498.188
Technical Provisions for retirement and death 31/12/2020	1.877.732.900
Change in technical provisions	93.234.712
Technical Provisions for disability and incapacity 31/12/2019	1.163.171
Technical Provisions for disability and incapacity 31/12/2020	654.757
Change in technical provisions	-508.414
Total change in technical provisions	92.726.298

The allocation of the technical provisions to the different sections is as follows:

Section	Technical provisions for retirement and death 31/12/2020 EUR	Technical provisions for disability and incapacity 31/12/2020 EUR
The Netherlands	1.589.595.932	315.290
Belgium	113.074.144	339.467
Spain	66.941.808	
Cyprus	11.997.329	
Switzerland	6.465.466	
Ireland	89.658.221	
	1.877.732.900	654.757

Re-insurance

The OFP paid a premium of 1.678.406 EUR and received a total of 448.266 EUR cash back from the re-insurer related to disability / death.

Other technical income

The other technical income amounts to 316.898 EUR and relate to the payments by the Belgian sponsoring undertaking of the 4,4% tax on premiums (236.553 EUR) and to the contribution in administrative costs (80.345 EUR).

Other technical expenses

The other technical expenses amount to 14.117.312 EUR and relate to the 4,4% tax on the Belgian contributions paid by the Fund to the Federal Public Service Finance (236.553 EUR) and taxes and social security charges on benefit payments (13.880.759 EUR).

Investment income

The investment income of 18.907.331 EUR relates to interests on fixed income investments for 14.155.133 EUR and dividend income for 4.752.198 EUR.

Investment expenses

The investment expenses amount to 4.002.875 EUR and relate to investment management and custody fees for 1.137.951 EUR, withholding taxes for 32.187 EUR and other expenses amounting to 2.832.737 EUR.

Debt charges

The debit interests amount to 651 EUR.

Investment gains & losses and foreign exchange gains & losses

For 2020 the accounts show an investment gain (realized and unrealized) of 94.552.401 EUR and a foreign exchange loss of 116.486 EUR.

Other financial income

In 2019 an amount of 9.131 EUR was entered as other financial income.

Other financial costs

The financial costs amount to 55.328 EUR and relate to bank charges.

Operating expenses - goods and services

The charges for goods and services amount to 2.484.527 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 129 EUR.

Allocation of the total result of the year

The total profit of the year amounts to 39.279.587 EUR and is allocated to the Social Fund (surplus).

Balance sheet

ASSETS

Investments

The total market value of the investments is equal to 1.934.442.414 EUR. The Fund has invested in:

Investment property	835.000
Bonds	1.037.034.234
Mutual funds	862.340.666
Derrivatives	34.232.514
	1.934.442.414

Reinsurers share in the technical provisions

In reinsurers share in the technical provisions amounts to 635.644 EUR (related to the technical provisions for disability and incapacity of the Belgian and Dutch section).

Receivables

As per 31 December 2020 the receivables amount to 1.180.923 EUR, this includes:

Belgian contributions of December 2020 paid in January 2021	480.441
Irish pensions for January 2021 paid in December 2020	352.596
Closing value of outstanding Irish AVC's (insurer) 31.12.2020	266.827
Receivable from reinsurer Athora Q4 2020 (disability + death)	21.241
Outstanding amount related to the loan to Cyprus members	32.136
Tax refund receivable related to investments	4.087
Receivable for investment sold	23.595
	1.180.923

Cash

Cash and cash equivalents amount to 80.334.924 EUR.

Accrued income

As per 31 December 2020 the accrued income amounts to 10.861.800 EUR and relates to the accrued interests on the bond investments of the fixed income portfolios.

LIABILITIES

The surplus ("sociaal fonds") carried forward to next year amounts to 146.791.743 EUR.

Technical provisions

The technical provisions increased by 92.726.298 EUR compared to last year.

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Technical Provisions for retirement and death 31/12/2020	1.877.732.900
Change in technical provisions	93.234.712
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Switzerland	6.465.466	
Ireland	89.658.221	
	1.877.732.900	654.757

Debts

As per 31 December 2020 the debts amount to 2.276.305 EUR and consist of:

Taxes and social security on benefit payments for the Belgian section	4.834
Taxes on contributions (Belgian section)	40.190
Taxes and social security on pension payments for the Spanish section	22.008
Invoices to be paid or to be received related to services rendered in 2020	508.984
Payable for investments purchased	50.988
Other payables related to the investments	1.649.301
	2.276.305

The provision for invoices related to services rendered by service providers in 2020 (to be paid in 2021):

Investment management fees	322.782
Fund accounting and custody fees	26.000
Pension administration fees	104.624
Fees for legal services, accounting, audit, administration	55.577
	508.983

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.

The board confirms that an important and significant event has taken place between the closing of the 2020 accounts and their annual meeting held on May 27th, 2021. Mainly being the final transfer of the assets and liabilities of the Belgian Petrochemicals employees to INEOS. No issues or disruptions in the regular service were reported to nor monitored by the board.

Administration

Day-to-day administration of the Pension Scheme, including pension payments, is managed by Mr Van Vossole Patrick on behalf of the Fund.

Any queries whether in relation to members' benefits or the Pension Scheme in general should be addressed to:

Mr. Van Vossole Patrick,
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Langerbruggekaai 18 - 9000 Gent
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Patrick.vanvossole@bp.com

Besemer Frank Chairman	Van Vossole Patrick Secretary