OFP BP PENSIOENFONDS

ANNUAL REPORT

for the year ended 31 December 2021

The Board of Directors of the Fund on the date this report was adopted 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 (tbc by FSMA)

On July 31st, 2021 Lindaart Harm Jan, stepped down from the board of directors of the Fund and was replaced by van Tilborg Peter-Paul on August 17 and Laureys Inge stepped down from the board of directors on February 28, 2022 and will be replaced by Pieters Vanessa by appointment of the General Assembly pending receipt of FSMA approval. bp's reinvent programme has brought many changes at all levels of the organisation of the Fund.
During the year the board conducted an RFP exercise to look for an external replacement for the operational management of the Fund and back-up thereof to be up and running by the end of 2022. Nexyan BV was selected from a shortlist of potential candidates by the board.

Pan-European structure

This report includes the information for Belgium, Ireland, Switzerland, Spain, Cyprus and The Netherlands. During 2021 no new Country sections were added but two of the OFP's sponsors have left the Fund due to Project QUEENS.

The bp group started in 2020 two projects that impacted the Fund. Project QUEENS was the 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. The project LESS was the separation of bp's lubricants activities into new legal entities which impacted the Dutch, with Castrol Nederland BV, the Belgian section, with Castrol Belgium BV - both projects were implemented as from January 1st, 2021 – and for the Spanish section Castrol Espana joined on July 1st, 2021. All three Castrol companies are part of the General Assembly of the Fund.

Given the continuation of the Covid-19 pandemic the directors reviewed on a regular basis their main service providers on their ability 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 monitored the financial situation of the Fund very closely.

In the course of 2021, the board has conducted an ALM-light study for the Dutch and Belgian section, accounting for the move to DC in the Netherlands and a harmonisation between blue and white collars for Belgium in the near future, as well as the mandatory 3-annual Continuity analysis. The SIP was amended as a result inkeeping with the simplification and low governance principles. The financing Plan was also updated and amended to reflect amongst others the changes to the Discount Rate setting methodology.

The board also updated all of the Fund's governance documents mainly driven by the implementation of IORP II.

– Country Committees

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

  - Van Vossole Patrick (Chairman)
  - Pieters Vanessa

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

  - James Matthews
  - Andrew Hayes
  - David Blayney
  - 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)
  - Koulla Nicolaou
  - Georgia Nicolaou
  - Savvas Marselli
  - Avgi Aresti

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

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

– Daily Management Body

The current composition of the Daily Management Body is:

- van Tilborg Peter-Paul (Chairman)
- Van Vossole Patrick
- 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., Castrol España S.L.U. & BP España S.A.U.
* Defined contribution scheme (without interest guarantee):
  - BP España Pension Scheme
  - Castrol 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 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)
- 2015 BP Raffinaderij Rotterdam B.V. & BP Europa SE – BP Nederland & Castrol Nederland B.V. DB Plan & DC Plan (Closed)

* Defined contribution scheme (without interest guarantee):

- 2015 BP Raffinaderij Rotterdam B.V. & BP Europa SE – BP Nederland & Castrol Nederland B.V. Netto Pensioenregeling

Changes to the pension plan rules

-During 2021 no major changes were made to the pension rules for Ireland, Switzerland or Cyprus.
-For the Netherlands, Spain and Belgium the pension plans were reviewed and updated due to the changes triggered by projects Queens and Less, all according to the local law.

Governance – Key functions

The Compliance Officer, Mrs. Vanrespaille Lore and the Internal Auditor, Mr. Cauwenberghs Steven who was represented by Mr. Verbelen Wim 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 Governance & Compliance of the fund and the operational processes & IT systems of the Swiss and Spanish sections. The compliance review was mainly focused on the OFP's governance documents and proper management of the appointments of directors and key-figures. 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 Risk Manager, Mr. Verkest Thierry presented his report to the Board stating that the fund overall was in a good place on the subject of risk management.

The board approved their ORA report and published it on FSMA's eCorporate website.

In August the appointed Data Privacy Officer from the company BDO, Mrs. Troussart Laurence informed the board that she is ending her appointment and proposes Mr. Claes Simon to continue in her place as DPO of the Fund. He reported to the board his first annual review confirming that there were no data breaches, no data subjects' request and no questions received from the data protection authority.

Funding position – DB scheme sections

At the end of 2021 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 BP ESE	0.76% (0.47%)	- Ireland	0.03% (-0.25%)
- Belgium CAS BE	1.01% (0.47%)	- Switzerland	0.08% (0.06%)
- Belgium CAS IE	0.18% (0.47%)	- Spain	0.18% (0.25%)
- Cyprus	0.77% (0.27%)	- the Netherlands	1.21% (0.67%)

The actuarial calculations confirmed that the overall DB funding ratios for the OFP are STP to be equal to 126.4% (119.0%) and for the LTP to be equal to 116.6% (108.3%).

For the **Belgian section** of the fund the actuarial calculations confirmed that the technical funding ratio (STP) to be equal to 139.2% (155.6%), the long-term valuation (LTP) result to be equal to 115.9% (124.9%). Compared to last year the STP ratio has decreased with -16.4% and the LTP ratio has also decreased with -9.0%.
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 117.2% (95.5%), an increase of 21.7% compared to last year.
Since this year the calculation is split-up between the 3 Belgian sponsors which results in:

	STP	LTP	PBO
- BP Europa SE-BP Belgium	121.2%	105.4%	119.3%
- Castrol Belgium	196.2%	147.1%	114.2%
- Castrol Ireland	132.5%	105.9%	114.0%

For the determination of the funding ratios the Cash Balance schemes, and the Belgian 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 131.1% (125.1%), the long-term valuation (LTP) result is equal to 126.5% (120.1%). Compared to last year the STP ratio has increased with +6.0% and the LTP ratio with +6.4%.
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 126.3% (119.9%), an increase of +6.4% 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 84.7% (93.2%), a decrease of -8.5% 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 77.9% (89.9%), a decrease of -12.0% 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 130.0% (109.2%). Compared to last year both STP and the LTP ratios increased with +20.8%.
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 114.4% (94.4%), an increase of +20.0% 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 125.7% (116.5%), the long-term valuation (LTP) result is equal to 116.2% (106.5%). Compared to last year the STP ratio has increased with +9.2% and the LTP ratio has also increased with +9.7%.
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 102.7% (94.0%), an increase of +8.7% compared to last year.

Scheme Membership data on 31 December 2021 for Belgium, Ireland, Switzerland, Spain, Cyprus and the Netherlands

OFP BP Pensioenfonds	31-Dec-21						Total	31-Dec-20						Total
	Belgium	Ireland	Switzerland	Spain	Cyprus	The Netherlands		Belgium	Ireland	Switzerland	Spain	Cyprus	The Netherlands	
Active members														
Active employees	227	1	0	893	16	946	2,083	644	1	0	865	21	989	2,520
Total active members	**227**	**1**	**0**	**893**	**16**	**946**	**2,083**	**644**	**1**	**0**	**865**	**21**	**989**	**2,520**
Non-active members														
Deferred members	553	27	0	316	2	1,282	2,180	590	28	0	325	2	1,232	2,177
Pensioners	179	246	5	22	70	2,188	2,710	181	253	5	23	67	2,138	2,667
Total non-active members	**732**	**273**	**5**	**338**	**72**	**3,470**	**4,890**	**771**	**281**	**5**	**348**	**69**	**3,370**	**4,844**
Total members	**959**	**274**	**5**	**1231**	**88**	**4,416**	**6,973**	**1,415**	**282**	**5**	**1213**	**90**	**4,359**	**7,364**

DC members - Previnet	31-Dec-21						Total	31-Dec-20						Total
	Belgium	Ireland	Switzerland	Spain	Cyprus	The Netherlands		Belgium	Ireland	Switzerland	Spain	Cyprus	The Netherlands	
Active employees				894	17	141	**1,052**				867	21	149	**1,037**
Deferred members				334	7	797	**1,138**				341	4	825	**1,170**
Pensioners							**0**							**0**
Total members				**1,228**	**24**	**938**	**2,190**				**1,208**	**25**	**974**	**2,207**

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., Castrol España S.L.U., BP Eastern Mediterranean Limited, Castrol Nederland B.V., BP Europa SE - BP Nederland and BP Raffinaderij Rotterdam B.V. all these legal entities are members of and constitute the General Assembly of the OFP BP Pensioenfonds.

How the Scheme was invested and performed in 2021

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 31.12.2021 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 course of this year.

The total DB-portfolio, amounting to € 1.886 M, return YTD 2021 was determined at +0.7 (6.0%), this was the result of a positive return of growth assets in total +15.5% of which +27.1% on the equity Funds and -0.2% on credit investments and +8.9% on property investments and an overall Matching portfolio Bond return of -6.8% of which the Secure Income Fund returned +3.4%.

At 31.12.2021 the total asset mix of the DB-portfolio was split-up between a Matching portfolio of 62.8% mainly bonds, government and corporate, and a Growth portfolio of 36.5% mainly equity, credit and property and 0.7% in cash.

The investment mix of the DB-portfolio at the beginning and the end of 2021 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	**31.12.2021 (Million €'s)**		**31.12.2021 (%)**	**31.12.2020 (%)**	**Investment Policy (%)**
Total Matching Portfolio	1.184.5		62.8	63.9	**66.4**
Total Growth Portfolio	688.5		36.5	33.1	**33.6**
Total cash	13.2		0.7	3.0	0.0
Total DB Portfolio	**<u>1,886.2</u>**		**<u>100.0</u>**	**<u>100.0</u>**	**<u>100.0</u>**

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 2021 that was determined at 10.97% (+4.85%). This was the result of a positive return of 24.31% (+4.23%) on the equity Funds, a negative Bond return of -1.73% (+4.63%), a negative return for cash of - 0.58% (-0.52%) as well as timing effects of withdrawals, contributions and rebalancing.

At 31.12.2021 the total asset mix of the DC-portfolio was Equity 48.58% (49.73%), Bonds 46.76% (45.87%) and Cash 4.66% (4.39%).

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 2021 is set out below:

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

Investment Portfolio	**31.12.2021 (Million €'s)**		**31.12.2021 (%)**	**31.12.2020 (%)**
Equities	65.95		48.58	49.73
Fixed income	63.47		46.76	45.87
Cash	6.32		4.66	4.40
Total DC Portfolio	**135.74**		**100.0**	**100.0**

Combined the DB-portfolio of € 1.886 M and the DC-portfolio of € 136 M, invested nearly entirely with BlackRock, BNP Paribas and Towers Watson, represent a total amount of assets of € 2.022 M managed within the OFP BP Pensioenfonds on 31 December 2021.

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

Year 2021	Belgium	Spain	Switzerland	Cyprus	Total RF	Ireland	NL	Grand total
Beginning (End Q4 of 2020)	140,842,050	3,200,537	6,030,240	8,081,945	158,154,772	107,198,465	1,633,289,928	1,898,643,165
Cash out	**53,572,815**	**1,090,751**	**849,229**	**1,595,533**	**57,108,328**	**4,383,706**	**45,342,580**	**106,834,614**
Benefit Payment	*2,154,200*	*264,815*	*480,336*	*1,408,988*	*4,308,339*	*3,034,140*	*29,074,594*	*36,417,074*
Re-insurance Premiums	121,817	586,202	0	15,714	723,734	1,634	816,330	1,541,698
Taxes on Benefits	476,707	147,251	346,178	107,610	1,077,746	1,124,286	11,681,407	13,883,439
Taxes on Premiums	162,369	0	0	0	162,369	0	0	162,369
Expenses	*350,685*	*92,483*	*22,715*	*63,221*	*529,104*	*223,645*	*3,770,249*	*4,522,998*
Other Costs	50,307,037	0	0	0	50,307,037	0	0	50,307,037
Cash In	***12,364,828***	***627,702***	***458,000***	***501,558***	***13,952,088***	***0***	***69,225,213***	***83,177,301***
Contributions	12,243,082	484,000	458,000	501,558	13,686,640	0	67,560,528	81,247,168
Repayment Re-Insurance	40,476	0	0	0	40,476	0	478,110	518,586
Transfer In	0	30,481	0	0	30,481	0	303,473	333,953
Other Income	81,270	113,221	0	0	194,491	0	883,103	1,077,594
Asset Return	8,985,104	-81,364	-159,166	664,089	9,408,663	4,596,726	-3,424,025	10,581,364
Total	108,619,168	2,656,124	5,479,845	7,652,059	124,407,195	107,411,485	1,653,748,536	1,885,567,216
Residual Value	**555,635**	**15,523**	**31,192**	**44,338**	**646,688**	**0**	**0**	**646,688**
Residual Return	**0.51%**	**0.58%**	**0.57%**	**0.58%**	**0.52%**	**0.00%**	**0.00%**	**0.03%**
Market Value of Assets EOY	109,174,803	2,671,647	5,511,036	7,696,397	125,053,883	107,411,485	1,653,748,536	1,886,213,904
Receivables	261,339	0	0	42,106	303,445	337,307	0	640,753
Debts specific	48,275	132,378	3,166	3,989	187,808	16,614	331,124	535,546
Debts General	7,488	183	378	528	8,577	7,367	113,420	129,363
Differences Asset Manager vs State Street	272	7	14	19	312	-51,635	2,033,074	1,981,751
Market value of Assets EOY incl Debts/Receivables	109,380,651	2,539,093	5,507,506	7,734,006	125,161,256	107,673,176	1,655,337,066	1,888,171,498

The amount of € 646.688 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 € 640.753 mentioned under “Receivables” consists mainly of Irish pensions € 337.307 paid in December for January 2022, for Belgium these are the December contributions to be received in January € 231.339 and a member loan receivable of € 30.000, for Cyprus this relates to the member loans for € 42.106. The amount of € 535.546 mentioned under “Debts-specific” consists mainly of Q4.2021 service charges and Investment Managers fees which were not yet invoiced to the OFP at 31/12/2021, for Belgium and for Spain this mainly relates to 2021 withheld taxes and social security due in January next year and the amount of € 129.363 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 € 1.981.751.

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 2021, the approximate duration of the liabilities of those sections on the LTP basis were: Belgium 12.6 years, Spain 8.1 years, Switzerland 5.9 years and Cyprus 9.4 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 third quarter of 2021 the duration of the liabilities of the Irish section on the LTP basis was approximately 12.6.

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. 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 < 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

The duration of the liabilities for the Dutch section on the LTP basis was approximately 19.3 at the end of the third quarter of 2021. For the Growth portfolio of the Dutch sections 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 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 Bye-laws, its strategic allocation will be equal to the weighted average strategic allocation of the various Schemes.

Strategic Asset Allocation for the OFP
The 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)		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.

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 are engaged in a full review of the environmental, social and governance policy.

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

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 detailed below.

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 as detailed below.

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.)	-0.1	0.1	2.7	0.7	0.1	0.1	1.6	0.4
Expected return on assets (% p.a.) over average duration of the liabilities	-0.1	0.1	3.1	0.55	0.1	0.1	1.5	1.0
Expected 1-year volatility (%p.a.)	6.6	5.3	10.7	5.2	5.3	5.3	7.0	9.1

The above expected return and volatility figures are based on the below projections for the underlying asset classes as at December 2020. The expected return for Ireland, Spain, Switzerland and Belgium Castrol IE is based on actual yield-to-maturity on assets communicated by the asset managers as per 31/12/2020.

% p.a.	Expected Return	Expected Volatility
Equities DM	4.0	18.8
Equities EM	4.1	27.4
Euro Government bonds	-0.9	5.3
Euro Corporate bonds	-0.3	5.8
Euro IL Government bonds	-0.7	13.2
Euro Property	2.6	15.5
Secure Income Assets	2.1	8.4
Emerging Market Debt	1.0	14.3
Multi Strategy Alternative Credit	0.5	7.8

Investment Mandates

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

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%
  - 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 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.

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 OFP 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/2020/03/sustainable-investment-policy

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:

a. 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;
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 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:

a. Diversifying investments within each major asset class included in the strategic asset mix
b. 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;
c. 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;
d. 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;
e. 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:

a. Investing in collective investment vehicles that are passively managed against widely used broad market indices where appropriate;
b. 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;
c. 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;

d. 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 fulfil 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 unitised 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 OFP 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 OFP strives, where it is in the position to do so, to include ESG aspects into these stewardship activities, Due to governance constraints, the OFP has a preference to invest through pooled investment vehicles. This implies that the OFP confirms to the stewardship policy present within the selected funds. The OFP therefore delegates Stewardship activities to external providers (asset managers), but makes sure to understand their policies, examine their suitability to the OFP's convictions, and review the managers' reporting on its stewardship activities.

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.

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 OFP has carefully considered its position regarding sustainable investing.

Investment belief on Sustainability
The pension fund has a responsibility towards society and in particular its participants. Financial considerations, therefore, are not the only considerations for determining the investment policy. The board 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 OFP.

Principles

- Sustainability should be integrated into the complete investment cycle of the pension fund.

- The pension fund can use the following sustainable investment instruments, considering the practical implications:
  - Stewardship: The pension 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 pension fund’s selection, evaluation and reporting criteria.

- Sustainable positioning should take place in line with the convictions of the fund. Long term developments like e.g., climate change and technological developments should be taken into account.

OFP positioning on sustainable investment

Principles
The OFP 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 pension fund’s reputational risk. Integrating sustainability considerations into the investment cycle provides a framework for the steps toward implementation of the policy, as shown in the table 1.
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 pension fund. The pension 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 OFP 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 pension fund incurs limited net costs (or a lower return) in exchange for a more sustainable investment portfolio. Also, where practical the pension fund tilts the investment portfolio towards ESG aspects.
The OFP has not enough in-house capacity for implementing a full sustainable investment policy. Third parties employed by the OFP are therefore examined on their sustainable investment policies and activities. The OFP evaluates the extent to which these are in line with the OFP's position.

The OFP does not explicitly consider the adverse impacts of investment decisions on sustainability factors as stipulated in article 4 of the Sustainable Finance Disclosure Regulation ("SFDR") and the upcoming secondary legislation. The pension 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.

The remuneration policy of the OFP does not depend on the OFP's integration of sustainability risks.

Financial information on 31 December 2021:

OFP BP PENSIOENFONDS

Balance Sheet 31/12/2021

ASSETS	Current year	Previous year	LIABILITIES	Current year	Previous year
Investments	**1,983,286,529**	**1,934,442,414**	**Equity**	**282,476,341**	**146,791,743**
Mutual funds	954,927,170	862,340,666	Surplus (social fund)	282,476,341	146,791,743
Bonds	1,017,138,662	1,037,034,234			
Investment property	835,000	835,000	**Technical provisions (pension liabilities)**	**1,742,194,604**	**1,878,387,657**
Derrivatives	10,385,696	34,232,514	Retirement and death	1,741,766,977	1,877,732,900
			Dissability	427,627	654,757
Reinsurers share in the technical provisions	**410,122**	**635,644**			
Disability and incapacity for work	410,122	635,644			
Accounts receivable	**1,006,271**	**1,180,923**	**Debts**	**1,713,478**	**2,276,305**
Contributions	231,339	480,441	Technical debts	0	0
Receivables on sponsoring undertaking	0	0			
Credits (1)	409,413	384,732	Taxes and social security (3)	118,327	67,032
Receivables on insurance company (2)	315,644	288,068	Other debts (4)	1,595,151	2,209,273
Other receivables	49,874	27,682			
Collateral	0	0			
Cash	**30,474,998**	**80,334,924**			
Deferred charges and accrued income	**11,222,627**	**10,861,800**	**Deferred income and accrued charges**	**16,123**	**0**
Total assets	**2,026,400,546**	**2,027,455,705**	**Total liabilities**	**2,026,400,546**	**2,027,455,705**

(1) = prepaid pensions (Jan 2022) + 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 31/12/2021

	Current year	Previous year
Technical result (gain - / loss +)	**-113,705,129**	**67,529,280**
Contributions	-83,597,616	-78,397,817
Benefit payments	37,581,757	37,162,846
Change in reinsurers share in the technical provisions	225,522	527,527
Change in receivable insurance company	-27,576	-8,734
Transfer in of accrued benefits	-333,439	-1,306,246
Transfer out of accrued benefits	53,833,347	1,794,852
Changes in technical provisions (pension liabilities) (increase + / decrease -)	-136,193,053	92,726,298
Reimbursement reinsurance company	-636,376	-448,266
Reinsurance premiums paid	1,570,504	1,678,406
Other technical income	-234,576	-316,898
Other technical costs	14,106,377	14,117,312
Financial result (gain - / loss +)	**-24,307,908**	**-109,293,522**
Investment revenues	-24,549,854	-18,907,331
Investment costs	4,417,276	4,002,875
Debt charges	4,654	651
Exchange results	11,132,084	116,486
Realized and unrealized gains and losses	-15,369,173	-94,552,401
Other financial income	-6,962	-9,131
Other financial costs	64,067	55,329
Operating result (gain - / loss +)	**2,328,439**	**2,484,655**
Operating expenses - services	2,328,309	2,484,526
Other operating expenses	130	129
Other operating income	0	0
Taxes	**0**	**0**
Taxes	0	0
Taxes returned / recaimed	0	0
Result of the financial year		
Profit (-)	**-135,684,598**	**-39,279,587**
Loss (+)		

	Current year	Previous year
Profit for appropriation (+) / Loss for appropriation (-)	**135,684,598**	**39,279,587**
Profit for appropriation (+) / Loss for appropriation (-) of the financial year	135,684,598	39,279,587
Loss brought forward from the previous year (-)		0
Solvency margin		**0**
Allocation (-)		0
Deduction (+)		0
Social fund	**-135,684,598**	**-39,279,587**
Allocation (-)	-135,684,598	-39,279,587
Deduction (+)		0

Profit and Loss account

Contributions

The total contributions related to 2021 amount to 83.597.616 EUR

Section	Contributions EUR
The Netherlands	67.810.520
Belgium	11.852.178
Spain	2.797.190
Cyprus	679.728
Switzerland	458.000
Ireland	0
	83.597.616

Benefits

The benefits related to 2021 paid by the OFP amount to 37.581.757 EUR (net amounts):

Benefit payments Dutch section	28.993.324
Benefit payments Belgian section	2.154.200
Benefit payments Irish section	3.041.167
Benefit payments Swiss section	480.336
Benefit payments Spanish section	1.711.548
Benefit payments Cypriot section	1.201.182
	37.581.757

Change in reinsurers share in the technical provisions

Reinsurers share in the Technical Provisions 31/12/2020	635.644
Reinsurers share in the Technical Provisions 31/12/2021	410.122
Reinsurers share in the Technical Provisions	-225.522

Change in receivables on insurer

In 2021 the total change in the receivables on insurers amounts to 27.576 EUR.

Claims on insurer 31/12/2020	288.068
Claims on insurer 31/12/2021	315.644
Change in claims on insurer	27.576

As from 2015 the OFP incorporated the external Irish AVC's into the balance sheet. In 2021 the claim on the two insurance companies has increased by 48.817 EUR, from 266.827 EUR as per 31/12/2020 to 315.644 EUR as per 31/12/2021, which is only the result of an increase of the market value, since there were no claims paid.

The total change in claims on insurer of 27.576 EUR on the balance sheet is the combination of the above-mentioned increase of the value of the Irish AVC's (48.817 EUR) and the decrease of 21.241 EUR as a result of the receipt in 2021 of the receivable on an insurer (related to the Belgian section).

Transfer in / transfer out of accrued benefits

The transfers out of accrued benefits amount to 53.833.347 EUR:

Transfers out of accrued benefits - Belgian section	50.307.037
Transfers out of accrued benefits - Dutch section	2.701.234
Transfers out of accrued benefits - Spanish section	486.536
Transfers out of accrued benefits - Cypriot section	338.540
	53.833.347

The transfer out of accrued rights of the Belgian section of 50.307.037 EUR is related to the Global sale by bp of its Petrochemicals activities to Ineos, for Belgium this relates to BP Chembel and Aromatics.

The transfers in of accrued benefits amount to 333.439 EUR:

Transfer in of accrued benefits - Dutch section	303.473
Transfer in of accrued benefits - Spanish section	29.966
	333.439

Change in technical provisions

The technical provisions have decreased by 136.193.053 EUR compared to last year.

Technical Provisions for retirement and death 31/12/2020	1.877.732.900
Technical Provisions for retirement and death 31/12/2021	1.741.766.977
Change in technical provisions	-135.965.923
Technical Provisions for disability and incapacity 31/12/2020	654.757
Technical Provisions for disability and incapacity 31/12/2021	427.627
Change in technical provisions	-227.130
Total change in technical provisions	-136.193.053

The allocation of the technical provisions as per 31 December 2021 to the different sections is as follows:

Section	Technical provisions for retirement and death 31/12/2021 EUR	Technical provisions for disability and incapacity 31/12/2021 EUR
The Netherlands	1.483.115.921	281.265
Belgium	80.739.594	146.362
Spain	74.873.474	
Cyprus	11.161.774	
Switzerland	6.505.099	
Ireland	85.371.115	
	1.741.766.977	427.627

Re-insurance

The OFP paid a premium of 1.570.504 EUR and received a total of 636.376 EUR cash back from the re-insurer related to disability / death.

Other technical income

The other technical income amounts to 234.576 EUR and relate to the payments by the Belgian sponsoring undertaking of the 4,4% tax on premiums 141.803 EUR and to the contribution for administrative costs 92.773 EUR.

Other technical expenses

The other technical expenses amount to 14.106.377 EUR and relate to the 4,4% tax on the Belgian contributions paid by the Fund to the Federal Public Service Finance 141.803 EUR and taxes and social security charges on benefit payments 13.964.574 EUR.

Investment income and investment expenses

The investment income of 24.549.854 EUR relates to interests on fixed income investments for 16.159.425 EUR and dividend income for 5.402.733 EUR. and other income amounting to 2.987.696 EUR.
The investment expenses amount to 4.417.275 EUR and relate to investment management and custody fees for 1.497.270 EUR, withholding taxes for 826.641 EUR and other expenses amounting to 2.093.364 EUR.
The other income 2.987.696 EUR and other expenses -2.093.364 EUR mainly relate to interest rate swaps.

Debt charges

The debit interests amount to 4.654 EUR.

Investment gains & losses and foreign exchange gains & losses

For 2021 the accounts show an investment gain (realized and unrealized) of 15.369.173 EUR and a foreign exchange loss of 11.132.084 EUR.

Other financial income

In 2021 the other financial income amounts to 6.962 EUR.

Other financial costs

The financial costs amount to 64.067 EUR and relate to bank charges.

Operating expenses - goods and services

In 2021 the charges for goods and services amount to 2.328.309 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 130 EUR.

Allocation of the total result of the year

The total profit of the year amounts to 135.684.598 EUR and is allocated to the Social Fund (surplus).

Balance sheet

ASSETS

Investments

As per 31 December 2021 the total market value of the investments equals 1.983.286.529 EUR. The Fund has invested in:

Investment property	835.000
Bonds	1.017.138.663
Mutual funds	954.927.170
Derrivatives	10.385.696
	1.983.286.529

Reinsurers share in the technical provisions

In reinsurers share in the technical provisions amounts to 410.122 EUR (related to the technical provisions for disability and incapacity of the Belgian and Dutch section).

Receivables

As per 31 December 2021 the receivables amount to 1.006.270 EUR, this includes:

Belgian contributions of December 2021 paid in January 2022	231.339
Irish pensions for January 2022 paid in December 2021	337.307
Closing value of outstanding Irish AVC’s (insurer) 31.12.2021	315.644
Outstanding amount related to the loan to Cyprus members	42.106

Outstanding amount related to the loan to Belgian member	30.000
Receivable for investment sold	49.874
	1.006.270

Cash

As per 31 December 2021 cash and cash equivalents amount to 30.474.998 EUR.

Accrued income

As per 31 December 2021 the accrued income amounts to 11.222.627 EUR and relates to accrued interests on bond investments of the fixed income portfolios.

LIABILITIES

The surplus ("sociaal fonds") carried forward to next year amounts to 282.476.341 EUR, after allocation of the profit of 2021 of 135.684.598 EUR.

Technical provisions

The technical provisions decreased by 136.193.053 EUR compared to last year.

Technical Provisions for retirement and death 31/12/2020	1.877.732.900
Technical Provisions for retirement and death 31/12/2021	1.741.766.977
Change in technical provisions	-135.965.923
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Belgium	80.739.594	146.362
Spain	74.873.474	
Cyprus	11.161.774	
Switzerland	6.505.099	
Ireland	85.371.115	
	1.741.766.977	427.627

Debts

As per 31 December 2021 the debts amount to 1.713.478 EUR and consist of:

Taxes and social security on benefit payments Belgian section	3.222
Taxes on contributions (Belgian section)	19.625
Taxes and social security on pension payments Spanish section	95.480
Invoices to be paid or to be received related to services rendered in 2021	589.478
Payable for investments purchased	93.198
Other payables related to the investments	912.475
	1.713.478

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

Investment management fees	333.319
Fund accounting and custody fees	50.407
Pension administration fees	118.530
Fees for legal services, accounting, audit, administration	58.416
Reinsurance	28.806
	589.478

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/or significant event has taken place between the closing of the 2021 accounts and their annual meeting held on May 24th, 2022 namely the Ukraine/Russian crisis.
The OFP's investments comprise two segregated bond portfolios investing in Euro denominated bonds and Euro government inflation-linked bonds, plus various pooled funds in a mix of asset classes which are most passively managed tracking broad market indices. The OFP has contacted all its investment managers and custodian individually and has received written confirmations that the investment portfolios, both direct and indirect holdings, they manage and/or administer for the OFP are fully compliant with the sanction regulations. Additionally, the investment managers and custodian have assured the OFP that they are committed to comply with applicable sanction laws and regulations, and they are actively monitoring the evolving situation to identify and address any sanctions risk. Furthermore, with the assistance of the investment managers, a review of the positioning of the current portfolios showed the aggregate portfolio exposure to Russia is negligible. 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:

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Patrick.vanvossole@bp.com

Besemer Frank
Chairman

Van Vossole Patrick
Secretary