

Reeves Oilfield Services Ltd Pension Plan (Scheme 2)

Chair's statement regarding the governance of defined contribution arrangements

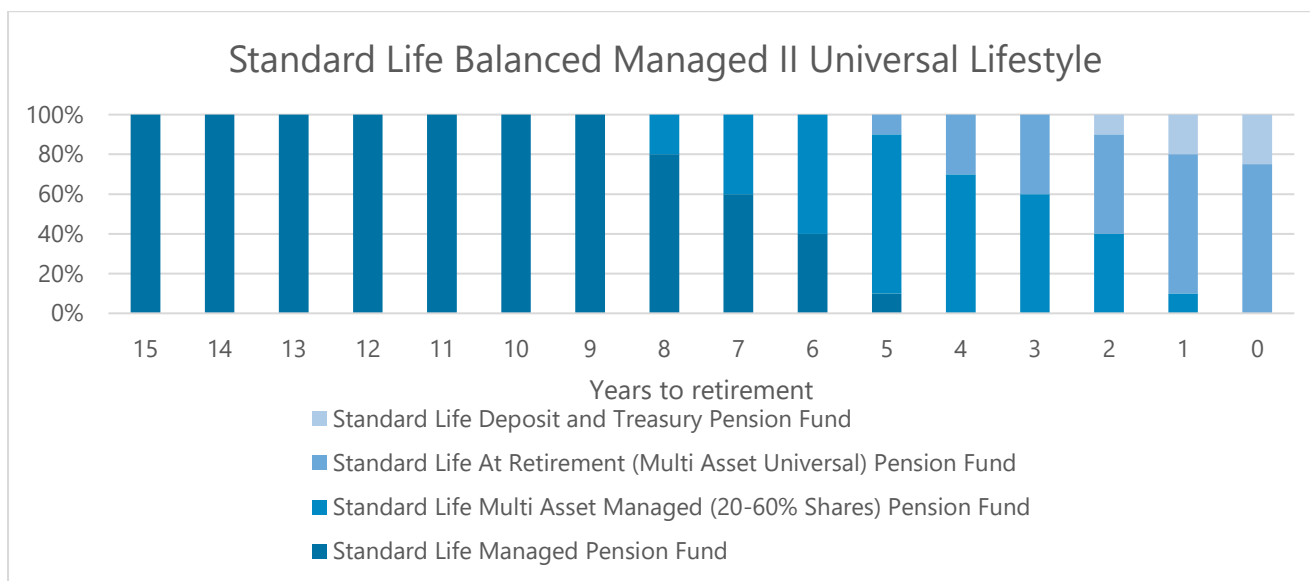
Plan Year - 1 July 2023 to 30 June 2024

1. Introduction

- 1.1. This statement has been prepared by the Trustees of the Reeves Oilfield Services Ltd Pension Plan (Scheme 2) ('the Plan'), to report on how they comply with the governance standards relating to defined contribution ('DC') benefits.
- 1.2. The Plan's DC arrangements comprise of the Plan's main benefits, arising from standard contributions and additional voluntary contributions ('AVCs'). This arrangement is open to further contributions and is used as a qualifying automatic enrolment scheme. The administration of the Plan's member records and investment platform services are provided by Standard Life Assurance Limited ('Standard Life'). There are no member assets held outside Standard Life.
- 1.3. This statement covers six key areas:
 - a. The investment strategy in relation to the Plan's default investment arrangements including the asset allocation;
 - b. The processing of core financial transactions;
 - c. The net investment returns and asset allocations for the Plan's investment options;
 - d. Charges and transaction costs within the Plan;
 - e. Value for members assessment; and
 - f. The Trustees' compliance with the statutory knowledge and understanding requirements.
- 1.4. This statement covers the Plan year 1 July 2023 to 30 June 2024 ('the Reporting Period').
- 1.5. A copy of this statement will be included in the Plan's Annual Report and Accounts and will be published on a publicly available website - <https://reevespensions.co.uk/scheme-2-documents>.
- 1.6. This statement does not contain advice in respect of actions that members should take, and it is not intended to be used for that purpose. If members need advice they can get help finding a regulated financial adviser through the Money Helper website at www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser.

2. Default investment arrangements

- 2.1. For members who are auto-enrolled into the Plan and do not make an alternative selection, contributions are invested in the Standard Life Balanced Managed II Universal Lifestyle Profile ("the default").
- 2.2. The key features of the default are:
 - 2.2.1. The default uses a 'lifestyle' strategy to automatically reduce risk/volatility in the years approaching retirement age.
 - 2.2.2. Up until 8 years before a member's retirement age, members are invested entirely in the Standard Life Managed Pension Fund.
 - 2.2.3. Over the 8 years to a member's retirement age, the default automatically and gradually switches out of the Standard Life Managed Pension Fund initially into the Standard Life Multi-Asset Managed (20-60% Shares) Pension Fund and then into Standard Life At Retirement (Multi Asset Universal) Pension Fund and the Standard Life Deposit and Treasury Pension Fund. The illustration below captures the automatic fund changes as members approach retirement:



2.2.4. Prior to 2011, the Plan used an alternate default strategy known as the Standard Life Balanced Managed Universal Lifestyle Profile ('the legacy default'). This lifestyle strategy invests in the same assets as the Standard Life Balanced Managed II Universal Lifestyle Profile, other than the Standard Life Money Market Pension Fund is used instead of the Deposit and Treasury Fund. At the time of the change to the new default strategy, members did not have funds automatically transferred from the legacy default.

Asset allocation of the default strategies

- 2.3. We have provided further details in the tables below of the underlying asset allocation of the default investment arrangements. We have provided this information in line with statutory guidance.
- 2.4. Within the default investment arrangements, the underlying assets change over time. Asset allocations are shown for members aged 25, 45, 55 and 1 day before retirement age, all assuming retirement at age 65. Given the minimal differences between the default and the legacy default strategies the asset allocation is the same under both strategies at these different ages.

The Standard Life Balanced Managed II Universal Lifestyle & The Standard Life Balanced Managed Universal Lifestyle

Asset Class	Allocation (%) 25-year-old	Allocation (%) 45-year-old	Allocation (%) 55-year-old	Allocation (%) 1 day before retirement age (65)
Cash	6.09%	6.09%	6.09%	25.57%
Bonds	20.95%	20.95%	20.95%	34.64%
Listed Equities	67.08%	67.08%	67.08%	30.10%
Private Equity	1.26%	1.26%	1.26%	0.00%
Infrastructure	0.81%	0.81%	0.81%	1.42%
Property/Real Estate	0.92%	0.92%	0.92%	2.16%

Private Debt/Credit	0.00%	0.00%	0.00%	1.69%
Other	2.89%	2.89%	2.89%	4.43%

Review of the default

- 2.5. The Trustees monitor the performance of all investment options, including the default, on a quarterly basis. These quarterly reviews are part of the regular governance of the Plan and do not constitute a formal review of the default, which ordinarily follows a three-year cycle.
- 2.6. The most recent review of the default investment arrangement was carried out in September 2020. The review considered the performance of the Plan and profile of members which considered their age, fund size, contribution levels and tenure of active membership. This information was used to help determine whether other de-risking patterns and at retirement investment allocations would be more suited to members' needs.
- 2.7. Over the Reporting Period the Trustees began a formal review of the default investment arrangement and the self-select fund range, this was initially reported on to the Trustees in the December 2023 meeting and further discussions undertaken in the February 2024 Trustee meeting. However, the Trustees then reviewed their advisers and appointed a new Investment Consultant in Q2 2024. The new Investment Consultant has since worked with the Trustees to clarify their objectives and is in the process of providing a formal recommendation after the reporting period. This will be reported in next year's Chair's Statement.

Further information on the default

- 2.8. Details of the default are set out in the attached 'Statement of Investment Principles' dated 23 September 2024. This covers the investment policy in relation to the entire Plan.

On-going Investment Governance

- 2.9. During the Reporting Period, the Trustees continued to monitor the past performance of the default strategies and self-select funds, assessing these with reference to fund benchmarks, and current and long-term market conditions.
- 2.10. The Trustees are supported by their investment advisers, Mercer up to June 2024 then Barnett Waddingham, and Standard Life as the investment platform provider.
- 2.11. The Trustees received quarterly investment monitoring reports from Standard Life during the year, and these are considered at each Trustee meeting.
- 2.12. As a result of the reviewing and monitoring activities undertaken during the Reporting Period, the Trustees believe that the performance of the defaults through the period is consistent with the aims and objectives stated in the SIP.

3. Core financial transactions

- 3.1. The Trustees have a duty to ensure that 'core financial transactions' are processed promptly and accurately.
- 3.2. Core financial transactions comprise the following:
 - 3.2.1. investment of contributions
 - 3.2.2. transfers into and out of the Plan
 - 3.2.3. investment switches within the Plan
 - 3.2.4. payments out of the Plan

3.3. The Trustees have delegated the administration of member records to Standard Life such that core financial transactions for the DC Section are undertaken by Standard Life.

Controls and monitoring arrangements

- 3.4. The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:
- 3.4.1. The Trustees have a Service Level Agreement (SLA) in place with the administrator. The SLA sets out the timeline standards expected for each step of the Plan’s main administration tasks, including core financial transactions. The administrator aims to process at least 90% of core financial transactions within 10 working days.
- 3.4.2. The Trustees receive quarterly reports on performance against the SLA and reviews the latest report at each quarterly Trustee meeting and are satisfied that the Plan’s core financial transactions have been processed promptly and accurately over the Reporting Period:

Core Financial Transaction	Cases	Completed in SLA	SLA Score
Investment of Contributions	12	12	100%
Transfers out of the Plan (note there were no transfers in during the Reporting Period)	10	8	80%
Investment Switches	6	6	100%
Other payments out of the Plan (e.g. retirements or deaths)	0	0	100%
Overall	28	26	92.86%

Source: Standard Life Q3 2023, Q4 2023, Q1 2024 and Q2 2024 Governance reports

- 3.4.3. The Plan's Payment Schedule outlines the timelines for remitting monthly contributions to the Plan in line with legislative requirements. Upon receipt, contributions are invested according to the timelines specified in the administration agreement with Standard Life. Contributions were invested in compliance with legislative deadlines and well ahead of schedule.
- 3.4.4. Additional measures that help to monitor the accuracy of core financial transactions are the external audit of the Plan’s annual report and accounts and the administrator’s annual checks on data quality.
- 3.4.5. The administrator’s controls and processes are also subject to a formal external audit for its annual assurance report on internal controls.
- 3.4.6. Any material issues uncovered regarding inaccuracies with core financial transactions are included within the administrator’s quarterly reporting to the Trustee.

Performance during the Plan year

- 3.5. The Trustees received quarterly reports from the administrator during the Plan year and was satisfied with the performance against the SLA.
- 3.6. Standard Life is aware of statutory deadlines for member-related services, including investment switches and benefit payments. If standards fall, the Trustees will request an explanation from the administrator and continue to monitor these processes effectively.

- 3.7. Neither the administrator's quarterly reports nor the audit of the annual report and accounts identified material issues with the accuracy of core financial transactions.

Assessment

- 3.8. In view of the controls and monitoring arrangements, and the lack of material issues experienced during the Plan year, the Trustees believe that core financial transactions have been processed promptly and accurately.

4. Member-borne charges and transaction costs

- 4.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:

- 4.1.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund, and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).
- 4.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.
- 4.1.3. The method and process for collecting transaction cost data (known as 'slippage') can result in negative costs. This can happen, for example, if when buying an asset the actual price ended up being lower than the mid-market price at the time of placing the order (e.g. because something happened in the market that pushed the price of the asset down).

Charges in relation to the DC Section

- 4.2. The following table provides details of the charges and transaction costs for each of the investment options provided through the DC Section over the Plan year (data sourced from each relevant investment manager). For the default, charges and transaction costs are shown for members aged 25, 45, 55 and 1 day before retirement age, all assuming retirement at age 65.

Investment option – Default Investment Arrangements		TER (p.a.)**	Transaction costs (p.a.)	Total
The Standard Life Balanced Managed II Universal Lifestyle (the default)	Overall range*	0.423% - 0.433%	0.097 % - 0.160 %	0.527% - 0.592%
	Age 25	0.430%	0.097%	0.527%
	Age 45	0.430%	0.097%	0.527%
	Age 55	0.430%	0.097%	0.527%
	1 day before retirement age 65	0.433%	0.160%	0.592%
The Standard Life Balanced Managed Universal Lifestyle (the legacy default)	Overall range*	0.423% - 0.433%	0.097% - 0.143%	0.527% - 0.573%
	Age 25	0.430%	0.097%	0.527%
	Age 45	0.430%	0.097%	0.527%
	Age 55	0.430%	0.097%	0.527%
	1 day before retirement age 65	0.433%	0.139%	0.571%

Investment option – Alternative Lifestyle Arrangements		TER (p.a.)**	Transaction costs (p.a.)	Total
The Standard Life Cautious Managed Universal Lifestyle Profile	Overall range*	0.420% - 0.433%	0.116% - 0.150%	0.536% - 0.580%
	Age 25	0.420%	0.116%	0.536%
	Age 45	0.420%	0.116%	0.536%
	Age 55	0.420%	0.116%	0.536%
	1 day before retirement age 65	0.433%	0.139%	0.571%
The Standard Life Cautious II Managed Universal Lifestyle Profile	Overall range*	0.420% - 0.433%	0.116% - 0.160%	0.536% - 0.592%
	Age 25	0.420%	0.116%	0.536%
	Age 45	0.420%	0.116%	0.536%
	Age 55	0.420%	0.116%	0.536%
	1 day before retirement age 65	0.433%	0.160%	0.592%
The Standard Life Opportunity Universal Lifestyle Profile	Overall range*	0.430% - 0.433%	0.048% - 0.139%	0.478% - 0.571%
	Age 25	0.430%	0.048%	0.478%
	Age 45	0.430%	0.048%	0.478%
	Age 55	0.430%	0.048%	0.478%
	1 day before retirement age 65	0.433%	0.139%	0.571%
Self-Select Funds		TER (p.a.)**	Transaction costs (p.a.)	Total
Standard Life Managed Pension Fund		0.430%	0.097%	0.527%
Standard Life Multi Asset Managed (20-60% Shares) Pension Fund		0.420%	0.116%	0.536%
Standard Life At Retirement (Multi Asset Universal) Pension Fund		0.440%	0.184%	0.624%
Standard Life Deposit and Treasury Pension Fund		0.410%	0.087%	0.497%
Standard Life Annuity Targeting Pension Fund		0.410%	0.111%	0.521%
Standard Life UK Equity Pension Fund		0.420%	-0.001%	0.419%

Standard Life 30:70 Global Equity Tracker (Vanguard) Pension Fund	0.410%	0.034%	0.444%
Standard Life Index Linked Bond Pension Fund	0.410%	0.048%	0.458%
SL HSBC Islamic Global Equity Index Pension Fund	0.700%	0.006%	0.706%
Standard Life Pension Millennium With Profits Fund	***	0.035%	0.035%
Standard Life Pension With Profits Fund	***	0.056%	0.056%
Standard Life Money Market Pension Fund	0.410%	0.002%	0.412%
Standard Life Ethical Pension Fund	0.410%	0.168%	0.578%
Standard Life Stock Exchange Pension Fund	0.430%	0.048%	0.478%
Standard Life Asia Pacific ex Japan Equity Pension Fund	0.520%	0.040%	0.560%
SL Janus Henderson European Selected Opportunities Pension Fund	1.380%	0.166%	1.546%
Standard Life US Equity Tracker Pension Fund	0.400%	0.000%	0.400%
Standard Life International Equity Pension Fund	0.430%	0.069%	0.499%
Standard Life European Equity Pension Fund	0.420%	0.003%	0.423%
SL Schroder UK Mid 250 Pension Fund	1.140%	0.147%	1.287%
Standard Life FTSE Tracker Pension Fund	0.400%	0.042%	0.442%
SL Fidelity Global Special Situations Pension Fund	1.570%	0.285%	1.855%
SL Fidelity Special Situations Pension Fund	1.060%	0.141%	1.201%
Standard Life Far East Equity Pension Fund	0.480%	0.038%	0.518%
Standard Life Overseas Equity Pension Fund	0.410%	0.051%	0.461%
Standard Life Japanese Equity Pension Fund	0.420%	0.032%	0.452%
Standard Life Property Pension Fund	0.420%	0.132%	0.552%
SL Vanguard US Equity Pension Fund	0.420%	-0.017%	0.403%
SL CT American Pension Fund	1.250%	0.317%	1.567%

* The charges and transaction costs for the default investment arrangement are calculated as a composite of the underlying fund charges and transaction costs. The fund allocations, and therefore also the charges and transaction costs, will vary depending upon each member's term to retirement age.

** The Trustees are aware of legacy pricing discrepancies impacting some members and can confirm the figures provided reflect charges most existing and new Plan members are subject to. The Trustees are

currently reviewing the charging structure as part of the ongoing review of the Plan and will look to provide updates in next year's annual statement.

*** Standard Life are unable to provide explicit costs for With-profit funds.

Additional notes: Beyond the default investment arrangement, the Trustees have previously communicated that several additional funds are available should members wish to self-select their investments. The funds communicated by the Trustees have been approved by the Trustees whereas wider available funds via the Standard Life website are not monitored by the Trustees.

Impact of costs and charges

- 4.3. To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustees has produced illustrations and these are set out in Appendix 1.

5. Net investment returns

- 5.1. The Trustees are required to disclose returns, net of charges and transaction costs, for the default investment arrangement and for each fund that members are able, or were previously able, to select and in which members' assets were invested during the Plan year. When preparing this section of the statement the Trustees have taken account of the relevant statutory guidance.
- 5.2. For the default investment arrangement, the underlying funds used and therefore the net returns changes over time. Net returns are shown over various periods to the end of the Plan year for a member aged 25, 45 and 55 at the start of the period and assuming a retirement age of 65.

Default investment arrangements - The Standard Life Balanced Managed II Universal Lifestyle

Age of member at start of period	Annualised Return –1 year to 30 June 2024	Annualised Return – 5 years to 30 June 2024
25	12.89%	4.94%
45	12.89%	4.94%
55	12.89%	4.31%

The Standard Life Balanced Managed Universal Lifestyle

Age of member at start of period	Annualised Return –1 year to 30 June 2024	Annualised Return – 5 years to 30 June 2024
25	12.89%	4.94%
45	12.89%	4.94%
55	12.89%	4.31%

The Standard Life Cautious Managed Universal Lifestyle

Age of member at start of period	Annualised Return –1 year to 30 June 2024	Annualised Return – 5 years to 30 June 2024
25	9.98%	2.20%
45	9.98%	2.20%
55	9.98%	2.20%

The Standard Life Cautious Managed II Universal Lifestyle

Age of member at start of period	Annualised Return –1 year to 30 June 2024	Annualised Return – 5 years to 30 June 2024
25	9.98%	2.20%
45	9.98%	2.20%
55	9.98%	2.20%

The Standard Life Opportunity Universal Lifestyle

Age of member at start of period	Annualised Return –1 year to 30 June 2024	Annualised Return – 5 years to 30 June 2024
25	16.35%	7.85%
45	16.35%	7.85%
55	16.35%	7.85%

Self-select funds

Investment fund	Annualised Return – 1 year to 31 March 2024	Annualised Return –3 year to 31 March 2024	Annualised Return – 5 years to 31 March 2024
Standard Life Managed Pension Fund	12.89%	3.26%	4.94%
Standard Life Multi Asset Managed (20-60% Shares) Pension Fund	9.98%	1.02%	2.20%
Standard Life At Retirement (Multi Asset Universal) Pension Fund	10.01%	1.20%	2.72%
Standard Life Deposit and Treasury Pension Fund	5.01%	2.51%	1.49%
Standard Life Annuity Targeting Pension Fund	5.84%	-9.14%	-4.84%
Standard Life UK Equity Pension Fund	12.35%	5.67%	4.48%
Standard Life 30:70 Global Equity Tracker (Vanguard) Pension Fund	19.18%	9.74%	10.33%
Standard Life Index Linked Bond Pension Fund	-0.44%	-14.42%	-7.80%
SL HSBC Islamic Global Equity Index Pension Fund	31.09%	13.93%	17.01%
Standard Life Money Market Pension Fund	5.28%	2.53%	1.58%
Standard Life Ethical Pension Fund	12.44%	-1.19%	2.98%

Standard Life Stock Exchange Pension Fund	16.35%	6.17%	7.85%
Standard Life Asia Pacific ex Japan Equity Pension Fund	9.91%	-2.58%	3.46%
SL Janus Henderson European Selected Opportunities Pension Fund	15.99%	7.21%	9.41%
Standard Life US Equity Tracker Pension Fund	25.97%	13.07%	14.86%
Standard Life International Equity Pension Fund	18.15%	6.91%	9.72%
Standard Life European Equity Pension Fund	11.13%	5.78%	8.51%
SL Schroder UK Mid 250 Pension Fund	18.40%	2.09%	5.54%
Standard Life FTSE Tracker Pension Fund	12.49%	6.98%	5.10%
SL Fidelity Global Special Situations Pension Fund	16.41%	5.99%	9.53%
SL Fidelity Special Situations Pension Fund	18.30%	6.72%	5.57%
Standard Life Far East Equity Pension Fund	11.18%	0.53%	4.93%
Standard Life Overseas Equity Pension Fund	21.48%	8.80%	10.35%
Standard Life Japanese Equity Pension Fund	12.58%	4.72%	6.66%
Standard Life Property Pension Fund	1.46%	0.90%	1.22%
SL Vanguard US Equity Pension Fund	26.10%	13.14%	14.90%
SL CT American Pension Fund	24.30%	9.42%	13.43%

The With-profit funds

The Standard Life Pension With-Profits Fund and Standard Life Pension Millennium With-Profits Fund aim to provide real long-term returns whilst smoothing the peaks and troughs of day-to-day market movements.

With- profits funds differ from unit-linked investments as the value of the fund (and therefore each member's holding within the fund) is not directly exposed to fluctuations in the value of the underlying assets. Instead, returns are 'smoothed' through the addition of bonuses (known as regular bonuses and final bonuses) which aim to provide members with a steady rate of return which lessen the impact of market volatility. This means that in years of positive performance some profits may be held back with the aim of ensuring that a return can continue to be paid during periods of adverse market conditions. Regular (or annual) bonuses are usually set annually in arrears and applied by increasing a member's guaranteed value. They represent the investment return (or share of profits) that the with-profits fund manager believes is appropriate to be passed on to members. They are calculated after the deduction of expenses and are not directly correlated to

realised investment returns, in that they also take into account past and potential fund performance and historic declarations.

Final bonuses (also known as terminal bonuses) may be added at the point when benefits are paid. They are not guaranteed and may or may not apply depending on market conditions and how the underlying assets of the fund have performed over the lifetime of each individual's investment in the fund.

Given the nature of With-profits funds, returns are calculated on an individual basis. To provide a reasonable guide, the Trustees have provided the underlying fund performance of the with-profits fund for the last five calendar year below.

Fund	2019	2020	2021	2022	2023
The Standard Life Pension With-Profits Fund	7.1%	2.9%	3.1%	-11.4%	6.9%
Standard Life Pension Millennium With-Profits Fund	11.7%	-2.7%	14.5%	-6.3%	9.4%

6. Value for members

- 6.1. Regulations require the Trustees to assess the extent to which the Plan provides value for members.
- 6.2. The method to be used for this assessment changed for plans with assets of less than £100m that have been operating for three years or more, effective for plan years ending after 31 December 2021. The Plan fits these criteria.
- 6.3. The assessment comprises three components:
 - 6.3.1. An assessment of costs and charges relative to the average costs and charges for three comparator schemes.
 - 6.3.2. An assessment of net investment returns relative to the average net investment returns for three comparator schemes.
 - 6.3.3. A self-assessment across seven key metrics of scheme administration and governance.
- 6.4. For the relative assessments, costs and charges and net returns for default arrangements should be compared with those for the default arrangements of the comparator schemes. In addition, costs and charges and net returns for popular self-select funds should be compared with those for the nearest comparable funds in the comparator schemes (or, where there is no comparable fund, a comparator scheme's default arrangement).
- 6.5. The value for members assessment was undertaken in accordance with the statutory guidance for the Plan year. Analysis was undertaken by Barnett Waddingham LLP and the findings reviewed at a trustee meeting on 12 December 2024. The Trustees then considered the outcome and agreed their assessment in January 2025.
- 6.6. The following comparator schemes were used for the relative components of the assessment: Aegon Master Trust, Aon Master Trust and the Aviva Master Trust.
- 6.7. The outcomes of the three components of the assessment were:
 - 6.7.1. Giving greater weight to the default investment arrangements, in which the large majority of assets are invested, costs and charges for the Plan were higher than the average for the comparator schemes. However, it was noted that there had been fee renegotiations within the last two years and pricing was becoming far more competitive in the master trust market. The Trustees therefore

concluded that the Plan provides poor value for members in relation to costs and charges, but has already started work to improve this for members as part of the wider investment strategy review.

6.7.2. Again, giving greater weight to the default investment arrangements, in which the large majority of assets are invested, net returns for the Plan were moderately lower than the average for the comparator schemes. The Trustees therefore concluded that the Plan provides moderate value for members in relation to net investment returns but recognise that there is potential for improvement.

6.7.3. The Trustees considered all seven metrics across scheme administration and governance. The Trustees concluded that the Plan provides good value for members in relation to administration and governance.

6.8. Taking the three components into account, the Trustees concluded that overall the Plan provides moderate value for members.

6.9. The method of assessment is prescribed. Factors that were not considered but that add value include:

6.9.1. the services fully paid for by the Company, e.g. the services of legal advisers, consultants and auditors;

6.9.2. the operation of the Trustees, with a duty to act in the best interest of members, which is paid for by the Company; and

6.10. the employer contributions available through the Plan. In relation to the Plan, the member-borne charges and transaction costs relate to:

6.10.1. investment services

6.10.2. administration services

6.10.3. communication services

6.11. The assessment considered:

6.11.1. in relation to investment services:

6.11.1.1. the investment strategy, e.g. the design of the default and range of alternative options

6.11.1.2. the arrangements for monitoring the performance of the investment options and reviewing the investment strategy

6.11.1.3. the investment governance arrangements

6.11.2. in relation to administration services:

6.11.2.1. the general administration arrangements

6.11.2.2. arrangements in relation to financial transactions

6.11.2.3. data and record keeping

6.11.3. in relation to communication services:

6.11.3.1. communication strategy

6.11.3.2. pre-retirement communications

6.11.3.3. at/post retirement communications

6.12. The Trustees concluded that the Plan offers moderate value in relation to the charges and transaction costs borne by members.

6.13. In reaching this conclusion, the Trustees recognised:

- 6.13.1. Whilst the default investment strategy has provided members strong investment performance over the reporting period, alternative solutions have yielded better returns. The Trustees are currently reviewing the investment strategy and aim to provide an update on any changes and developments in next year's Chair's Statement.
- 6.13.2. Whilst member-borne charges have reduced over the Plan year, the charges are significantly higher relative to alternative options on the market. The Trustees are currently assessing their options alongside the investment review and aim to provide an update on any changes and developments in next year's Chair's Statement.

7. Trustee knowledge and understanding

The Trustee Board

- 7.1. The Trustee Board comprises three trustees, one is nominated by the members and two of whom are appointed by the Company.
- 7.2. One of the Company appointed trustee, Zahir Fazal, is the chair and is a professional trustee.

Trustee knowledge and understanding requirements

- 7.3. Trustees are required to be conversant with a Plan's main documents and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

Approach

- 7.4. The Trustees aim to remain conversant with the Plan's trust deed and rules as well as all other Plan documents such as the Statement of Investment Principles, the risk register and current policies, e.g. conflicts of interest. They do so through their experience in governing the Plan, as well as specific activities over the Plan year and access to professional advice.
- 7.5. The Trustees aim to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets through a combination of training, taking professional advice and the inclusion of a professional trustee as the chair.
- 7.6. The Trustees consider training needs in relation to emerging legislation, Plan changes and upcoming matters in the Plan's business plan. The training programme also includes completion of the Pensions Regulator's trustee toolkit. A training log is maintained in relation to training undertaken.
- 7.7. Group training in Trustee meetings is supplemented at an individual level with training activities such as attending seminars and conferences, and reading pensions-related articles.
- 7.8. An induction process is in place for newly appointed trustees, which involves the provision of an induction pack, an initial training session with the Trustees' advisers, and a requirement to complete the Pension Regulators Trustee toolkit within six months of appointment. There have been no new appointments during the Plan year.
- 7.9. The Trustees consult with professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the Trustees on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Plan's documents, attending Trustee meetings and often in the delivery of training at these meetings.

Activities over the Plan year

- 7.10. The Trustees reviewed the following Plan documents

- 7.10.1. the risk register
- 7.10.2. the payment schedule
- 7.10.3. the Statement of Investment Principles
- 7.10.4. the annual report and accounts

7.11. The Trustees received training at Trustee meetings over the Plan year on the following topics:

- 7.11.1. the 2023 Autumn Statement and its implications
- 7.11.2. DC decumulation and at retirement support

7.12. No new Trustees were appointed during the Plan year, so the induction process was not required.

7.13. Zahir Fazal maintained accreditation for the professional trustee standards, including fitness and propriety, governance skills, ongoing professional development, managing conflicts of interest and the additional standards for professional trustees who act as chair.

7.14. During the Plan year, the Trustees took professional advice on:

- 7.14.1.the General Code of Practice
- 7.14.2.undertaking the annual value for members assessment
- 7.14.3.reviewing the default investment strategy and self-select arrangements
- 7.14.4.disclosure of costs, charges and investments

Assessment

7.15. The Trustees consider that their combined knowledge and understanding, together with their access to professional advice, enables them to properly and effectively exercise their trustee functions in the following ways:

- 7.15.1. The Trustees are able to challenge and question advisers, service providers and other parties effectively;
- 7.15.2. Trustees' decisions are made in accordance with the Plan rules and in line with trust law duties; and
- 7.15.3. The Trustees' decisions are not compromised by such things as conflicts or hospitality arrangements.

Zahir Fazal.....

Zahir Fazal, Chair of the Trustees

16 January 2025.....

Date

Appendix 1 – Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustees included illustrations in accordance with statutory guidance. These illustrations have been provided by Standard Life.

Parameters used for the illustrations

A1.2. Pot size: pot sizes of £4,000 and £60,000 have been used; these represent the average pot sizes of the youngest members and the average members of the Plan (rounded to the nearest £500).

A1.3. Contributions: illustrations have been provided for active members assuming total regular contributions of 15%.

A1.4. For active members a starting pensionable salary of £21,000 and £42,000 have been used these represent the average of the youngest members and the average members of the Plan (rounded to the nearest £500) respectively. Pensionable salary is assumed to grow at 3.5% per year.

A1.5. We have also provided illustration for deferred members where no future contributions have been factored in.

A1.6. Timeframe: the illustrations are shown over a 44 year time frame as this covers the approximate duration that the youngest member would take to reach retirement age.

A1.7. Investment options: illustrations are provided for the default investment arrangements and the highest and lowest charge self-select funds.

A1.8. The tables below outline the growth and transaction cost assumptions for the associated funds

Current Default - The Standard Life Balanced Managed II Universal Lifestyle	Growth Rate	Transaction Cost
Standard Life Managed Pension Fund	5.0%	0.097%
Standard Life Multi Asset Managed (20-60% Shares) Pension Fund	5.0%	0.116%
Standard Life At Retirement (Multi Asset Universal) Pension Fund	5.0%	0.184%
Standard Life Deposit and Treasury Pension Fund	3.5%	0.087%

Legacy Default - The Standard Life Balanced Managed Universal Lifestyle	Growth Rate	Transaction Cost
Standard Life Managed Pension Fund	5.0%	0.097%
Standard Life Multi Asset Managed (20-60% Shares) Pension Fund	5.0%	0.116%
Standard Life At Retirement (Multi Asset Universal) Pension Fund	5.0%	0.184%
Standard Life Money Market Pension Fund	3.0%	0.002%

Highest and Lowest Charged Funds	Growth Rate	Transaction Cost
SL Fidelity Global Special Situations Pension Fund	5.0%	0.285%
Standard Life US Equity Tracker Pension Fund	5.0%	0.000%

Guidance to the illustrations

A1.9. For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

A1.10. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.0% per year. It is for this reason that real growth (after inflation) may be negative.

A1.11. The real-terms rates of growth used in the illustrations are calculated by reference to the Financial Reporting Council's AS TM1.

A1.12. The projections for the following investments have been provided:

Fund/Strategy	Rational
The Standard Life Balanced Managed II Universal Lifestyle	Current Default
The Standard Life Balanced Managed	Legacy Default
SL Fidelity Global Special Situations Pension Fund	Most Expensive Fund
Standard Life US Equity Tracker Pension Fund	Least Expensive Fund

- * The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as they are able) when producing the illustrations. As data is available for the last four years only, the illustrations use four-year averages.

A1.13. Values shown are estimates and not guaranteed.

A1.14. The starting date for the illustrations is 30 June 2024.

A1.15. The illustrations are presented in two different ways:

A1.15.1. For the default, a lifestyle strategy, the illustrations should be read based on the number of years the member is in the investment strategy until their retirement age. This is because the underlying funds used and therefore the costs and charges changes over time and this is reflected in the illustrations.

A1.15.2. For the self-select funds, the illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

Active Members

Default investment arrangements – The Standard Life Balanced Managed II Universal Lifestyle & The Standard Life Balanced Managed Universal Lifestyle

The illustration below is representative of the average member (current age 45 with starting pot of £60,000).

Year	The Standard Life Balanced Managed II Universal Lifestyle		The Standard Life Balanced Managed Universal Lifestyle	
	Before Charges	After Charges	Before Charges	After Charges
1	£68,000	£67,700	£68,000	£67,700
3	£85,100	£83,900	£85,100	£83,900
5	£103,000	£101,000	£103,000	£101,000
10	£156,000	£150,000	£156,000	£150,000
15	£220,000	£208,000	£220,000	£208,000
NRD	£296,000	£274,000	£295,000	£274,000

A1.16. Note on how to read this table: If an active member had £60,000 invested in the Standard Life Balanced Managed II Universal Lifestyle on 30 June 2024, in 15 years the savings pot could grow to £220,000 if no charges are applied but to £208,000 with charges applied.

The illustration below is representative of the youngest members of the Plan with starting pot of £4,000.

	The Standard Life Balanced Managed II Universal Lifestyle		The Standard Life Balanced Managed Universal Lifestyle	
Year	Before Charges	After Charges	Before Charges	After Charges
1	£7,280	£7,250	£7,280	£7,250
3	£14,200	£14,100	£14,200	£14,100
5	£21,800	£21,500	£21,800	£21,400
10	£43,800	£42,500	£43,800	£42,500
15	£70,500	£67,400	£70,500	£67,400
20	£103,000	£97,100	£103,000	£97,000
25	£141,000	£131,000	£141,000	£131,000
30	£188,000	£172,000	£188,000	£172,000
35	£244,000	£220,000	£244,000	£220,000
40	£311,000	£276,000	£311,000	£276,000
NRD	£372,000	£326,000	£372,000	£326,000

A1.17. Note on how to read this table: If an active member had £4,000 invested in the Standard Life Balanced Managed II Universal Lifestyle on 30 June 2024, in 10 years the savings pot could grow to £43,800 if no charges are applied but to £42,500 with charges applied.

Highest & Lowest charge self-select fund – SL Fidelity Global Special Situations Pension Fund & Standard Life US Equity Tracker Pension Fund

The illustration below is representative of the average member (age 45) of the Plan with starting pot of £60,000.

	Highest Charge: SL Fidelity Global Special Situations Pension Fund		Lowest Charge: Standard Life US Equity Tracker Pension Fund	
Year	Before Charges	After Charges	Before Charges	After Charges
1	£68,000	£66,800	£68,000	£67,800
3	£85,300	£81,200	£85,200	£84,300
5	£103,000	£96,200	£103,000	£102,000
10	£157,000	£136,000	£157,000	£152,000
15	£221,000	£182,000	£221,000	£212,000
NRD	£298,000	£231,000	£298,000	£281,000

A1.18. Note on how to read this table: If a member had £60,000 invested in the SL Fidelity Global Special Situations Pension Fund on 30 June 2024, in 10 years the savings pot could grow to £157,000 if no charges are applied but to £136,000 with charges applied.

The illustration below is representative of the youngest members of the Plan with starting pot of £4,000.

	Highest Charge: SL Fidelity Global Special Situations Pension Fund		Lowest Charge: Standard Life US Equity Tracker Pension Fund	
Year	Before Charges	After Charges	Before Charges	After Charges
1	£7,270	£7,190	£7,280	£7,260
3	£14,200	£13,800	£14,200	£14,100
5	£21,800	£20,800	£21,900	£21,600

10	£43,800	£40,100	£43,900	£42,900
15	£70,800	£62,200	£70,700	£68,400
20	£103,000	£87,300	£103,000	£98,800
25	£142,000	£115,000	£142,000	£134,000
30	£189,000	£146,000	£189,000	£177,000
35	£245,000	£183,000	£246,000	£227,000
40	£313,000	£223,000	£312,000	£285,000
NRD	£375,000	£259,000	£374,000	£338,000

A1.19. Note on how to read this table: If a member had £4,000 invested in the SL Fidelity Global Special Situations Pension Fund 30 June 2024, in 10 years the savings pot could grow to £43,800 if no charges are applied but to £40,100 with charges applied.

Deferred Members

Default investment arrangements – The Standard Life Balanced Managed II Universal Lifestyle & The Standard Life Balanced Managed Universal Lifestyle

The illustration below is representative of the average member (current age 45 with starting pot of £60,000).

	The Standard Life Balanced Managed II Universal Lifestyle		The Standard Life Balanced Managed Universal Lifestyle	
Year	Before Charges	After Charges	Before Charges	After Charges
1	£61,700	£61,400	£61,700	£61,400
3	£65,300	£64,300	£65,300	£64,300
5	£69,200	£67,400	£69,100	£67,300
10	£79,800	£75,700	£79,800	£75,700
15	£92,200	£85,100	£92,100	£85,000
NRD	£106,000	£95,600	£106,000	£95,400

A1.20. Note on how to read this table: If an active member had £60,000 invested in the Standard Life Balanced Managed II Universal Lifestyle on 30 June 2024, in 15 years the savings pot could grow to £92,200 if no charges are applied but to £85,100 with charges applied.

Highest & Lowest charge self-select fund – SL Fidelity Global Special Situations Pension Fund & Standard Life US Equity Tracker Pension Fund

The illustration below is representative of the average member of the Plan (age 45 with starting pot of £60,000).

	Highest Charge: SL Fidelity Global Special Situations Pension Fund		Lowest Charge: Standard Life US Equity Tracker Pension Fund	
Year	Before Charges	After Charges	Before Charges	After Charges
1	£61,700	£60,600	£61,700	£61,500
3	£65,400	£61,900	£65,300	£64,600
5	£69,300	£63,200	£69,200	£67,900
10	£80,100	£66,500	£80,000	£76,900
15	£92,600	£70,100	£92,600	£87,200
NRD	£107,000	£73,800	£107,000	£98,700

A1.21. Note on how to read this table: If a member had £60,000 invested in the Standard Life Fidelity Global Special Situations Pension Fund on 30 June 2024, in 10 years the savings pot could grow to £80,100 if no charges are applied but to £66,500 with charges applied.

Reeves Oilfield Services Ltd. Pensions Scheme (Scheme 2)

Statement of Investment Principles

Barnett Waddingham LLP

23 September 2024

Contents

Reeves Oilfield Services Ltd. Pensions Scheme (Scheme 2)	1
Introduction.....	3
2. Choosing investments.....	3
3. Investment objectives	4
4. Kinds of investments to be held	4
5. The balance between different kinds of investments.....	4
6. Risks.....	4
7. Expected return on investments	5
8. Realisation of investments	6
9. Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities	6
10. Policy on arrangements with asset managers	6
11. Monitoring	8
Appendix 1	
1. The balance between different kinds of investment.....	9
2. Default option	9
3. Alternative investment options	13
Appendix 2:	
1. Financially Material Considerations.....	16
2. Non-financially material considerations	17
3. The exercise of voting rights	17
4. Engagement activities	17

Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustees and relates to the defined contribution (DC) benefits provided through the Reeves Oilfield Services Ltd Pension Plan (Scheme 2) ("Scheme 2"). This statement sets down the principles which govern the decisions about investments that enable Scheme 2 to meet the requirements of:
 - the Pensions Act 1995, as amended by the Pensions Act 2004; and
 - the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. In preparing this statement the Trustees have consulted Reeves Wireline Technologies Ltd., the Principal Employer, and obtained advice from Barnett Waddingham LLP the Trustees' investment consultant. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities.
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.
- 1.4. The Trustees will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.5. The investment powers of the Trustees are set out in Clause five of the Definitive Trust Deed & Rules, dated 14 December 2015. This statement is consistent with those powers.

2. Choosing investments

- 2.1. The Trustees carefully consider its Investment Objectives, shown in the Appendix, when designing the range of investment options to offer to its members. The Trustees also acknowledge that members will have different attitudes to risk and different aims for accessing their retirement savings – and therefore, whilst seeking good member outcomes net of fees, it also considers the level of risk that is appropriate based on the anticipated needs of the membership profile of Scheme 2.
- 2.2. The Trustees' policy is to offer a default investment arrangement plus a core range of investment funds suitable for Scheme 2's membership profile into which members can choose to invest their contributions and those contributions made by the employer. Details of these are given in the Appendix. In doing so, the Trustees consider the advice of their professional advisers, whom they consider to be suitably qualified and experienced for this role.
- 2.3. The day-to-day management of Scheme 2's assets is delegated to one or more investment managers. Scheme 2's investment managers are detailed in the Appendix to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.
- 2.4. The Trustees review the appropriateness of Scheme 2's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to

performance within any guidelines set. The Trustees will also consult the Principal Employer before amending the investment strategy.

3. Investment objectives

- 3.1. The Trustees have discussed and agreed key investment objectives in light of an analysis of Scheme 2's membership profile as well as the constraints the Trustees face in achieving these objectives. These are set out in the Appendix.

4. Kinds of investments to be held

- 4.1. Scheme 2 is permitted to invest in a wide range of assets including equities, bonds, cash, property and alternatives.

5. The balance between different kinds of investments

- 5.1. Members can choose to invest in any of the funds detailed in the Appendix. Where members do not choose where their contributions, and those made on their behalf by the employer, are invested, the Trustee will invest these contributions according to the default investment strategy set out in the Appendix.
- 5.2. The Trustees consider the merits of both active and passive management for the various elements of Scheme 2's portfolio and may select different approaches for different asset classes.
- 5.3. The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and the asset allocation may change as the membership profile evolves.

6. Risks

- 6.1. Risk in a defined contribution scheme lies with the members themselves. The Trustees has considered a number of risks when designing and providing suitable investment choices to members. A comprehensive list of risks is set out in the Trustees' risk register, however, the main investment risks affecting all members are set out overleaf:

Inflation Risk	The risk that the investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the retirement savings. The Trustees make available investment options that are expected to provide a long-term real rate of return.
Conversion risk	The risk that fluctuations in the assets held, particularly in the period before retirement savings are accessed, lead to uncertainty over the benefit amount likely to be received. In the lifestyle arrangements made available through Scheme 2 (see Appendix), the Trustees change the proportion and type of investments so that in the run up to retirement the investments gradually start to more closely match how the Trustees expect members to access their retirement savings. The Trustees keep under review the appropriateness of the strategies.
Retirement income risk	The risk that a member's retirement income falls short of the amount expected, whether this is due to lower investment returns than expected or insufficient contributions being paid. The Trustees periodically review the appropriateness of the investment options offered to ensure member outcomes can be maximised. Communications to members will seek to encourage them to regularly review the level of their contributions, but ultimately this is a risk which lies with each member.
Investment manager risk	The Trustees monitor the performance of Scheme 2's investment manager on a regular basis in addition to having meetings with them from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how the investment manager may operate.
Concentration/Market risk	Each investment manager is expected to manage properly diversified portfolios and to spread assets across a number of individual shares and securities.
Currency risk	Scheme 2 may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
Loss of investment	The risk of loss of investment by the investment manager and custodian is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud). The Trustee also undertakes an annual review of the internal controls and processes of the investment manager.

7. Expected return on investments

- 7.1. The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.
- 7.2. The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.
- 7.3. The Trustee reviews the performance of the range of funds, at least quarterly to ensure they perform in line with expectations.

8. Realisation of investments

- 8.1. The Trustee has delegated the responsibility for buying and selling investments to the investment managers.

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

- 9.1. The Trustees have set policies in relation to these matters. These policies are set out in the Appendix.

10. Policy on arrangements with asset managers

Incentivising alignment with the Trustees' investment policies

- 10.1. Prior to appointing an investment manager, the Trustees discuss the investment manager's approach to the management of ESG and climate related risks with Scheme 2's investment consultant, and how their policies are aligned with the Trustees' own investment beliefs.
- 10.2. When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustees also consider how ESG and climate risk are integrated into these. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.
- 10.3. The Trustees carry out a strategy review at least every three years where they assess the continuing relevance of the strategy in the context of Scheme 2's membership and their aims, beliefs and constraints. The Trustees monitor the investment managers' approach to ESG and climate related risks on an annual basis.
- 10.4. In the event that an investment manager ceases to meet the Trustees' desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be terminated. The investment managers have been informed of this by the Trustees.
- 10.5. Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

Incentivising assessments based on medium to long term, financial and non-financial considerations

- 10.6. The Trustees are mindful that the impact of ESG and climate change has a long-term nature. However, the Trustees recognise that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustees acknowledge this in their investment management arrangements.
- 10.7. When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over a

rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustees expect this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

- 10.8. The Trustees expect investment managers to be voting and engaging on behalf of Scheme 2's holdings and the Trustees monitor this activity within the Implementation Statement in Scheme 2's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

Method and time horizon for assessing performance

- 10.9. The Trustees monitor the performance of their investment managers over medium to long term periods that are consistent with the Trustees' investment aims, beliefs and constraints.
- 10.10. The Trustee carries out a strategy review at least every three years where it assesses the continuing relevance of its investment strategy in the context of the Scheme 2's membership and its objectives and investment beliefs.
- 10.11. Scheme 2 invests in pooled funds. The investment manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less.
- 10.12. The Trustees ask Scheme 2's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered regularly as part of the review of the Statement of Investment Principles.

Portfolio turnover costs

- 10.13. The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the quarterly investment monitoring process.
- 10.14. During the investment manager appointment process, the Trustees may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices.

Duration of arrangement with asset manager

- 10.15. For the open-ended pooled funds in which Scheme 2's invests, there are no predetermined terms of agreement with the investment managers.
- 10.16. The suitability of Scheme 2's asset allocation and its ongoing alignment with the Trustees' investment beliefs is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

11. Monitoring

- 11.1. **Investment Performance:** The Trustees review the performance of each investment option offered through Scheme 2 against the stated performance objective and, in doing this, the Trustees receive a performance monitoring report from Standard Life on a regular basis. This monitoring takes into account both short-term and long-term performance. The investment manager's overall suitability for each mandate will be monitored as frequently as the Trustees consider appropriate in light of both its performance and other prevailing circumstances.
- 11.2. **Objectives:** The Trustees monitor the suitability of the objectives for Scheme 2 (as detailed in the appendix) and performance (net of fees) against these objectives at least every three years and also when there is any significant change in the investment policy, underlying economic conditions or the profile of the members.
12. **Investment Choices:** The Trustees monitor the ongoing appropriateness of the investment choices offered on a periodic basis.
13. **Investment Beliefs:** The Trustee has an Investment Beliefs Policy which it refers to in making investment decisions.
- 13.1. This Statement was agreed by the Trustees, and replaces any previous statements. Copies of this Statement and any subsequent amendments will be made available to the Principal Employer, the investment manager, the actuary and the auditor upon request.

Signed: Zahir Fazal

Date: 25 September 2024

On behalf of the Reeves Oilfield Services Ltd Pension Scheme (Scheme 2)

Appendix 1 Note on investment policy of Scheme 2 in relation to the current Statement of Investment Principles

1. The balance between different kinds of investment

The Trustees' main investment objectives are:

- To provide a suitable default investment option that is likely to be suitable for a typical member.
- Seek to achieve good member outcomes net of fees and subject to acceptable levels of risk.
- The Trustees will monitor members' decisions and other inputs at least annually to ensure that the default investment strategy remains suited to their needs. They will also review the investment choices available to members to ensure that those who regard the default strategy as unsuited to their needs have suitable alternative investment funds to select from.

The Trustees have further objectives regarding the self-select funds, these are:

- Provide the member with a 'self-select' range of investment options so that members who wish to make their own investment choices have the freedom to do so, recognising that members may have different needs and objectives.
- Balance between offering a range of investments which meet member risk vs return requirements and offering too much choice which might make decision making difficult.
- Consideration of member beliefs and what funds it might be reasonable to offer based on beliefs.

The Trustees are responsible for the design of the default investment option and for choosing which investment options to make available to members. If a member does not make a choice of where their contributions should be invested then their contributions will be directed to the default investment option.

The Trustee has made available a range of funds to suit the individual needs of Scheme 2's members. For example, a range of equity funds is available for those members willing to accept a greater level of volatility in pursuit of higher expected retirement savings. Bond and cash funds are also offered for those members who are less comfortable with the likely volatility of the equity funds.

2. Default option

The Trustees acknowledge that members will have different attitudes to risk and different aims for accessing their retirement savings, and so it is not possible to offer a single investment option that will be suitable for each individual member. However, having analysed Scheme 2's membership profile, the Trustees decided that the lifestyle arrangement set out below represents a suitable default investment option for the majority of members who do not make a choice about how their contributions (and those made on their behalf by the employer) are invested. The aims, objectives and policies relating to the default

option are intended to ensure that assets are invested in the best interests of relevant members and their beneficiaries.

The default strategy aims to:

- To generate long-term returns in excess of inflation during the “growth” phase of the strategy.

The default arrangement’s growth phase structure invests in a multi-asset fund with exposure mainly to equities along with some exposure to other growth-seeking assets and more defensive asset classes such as bonds. These investments are expected to provide long term growth with some protection against inflation erosion, and an element of diversification to reduce volatility and downside risk.

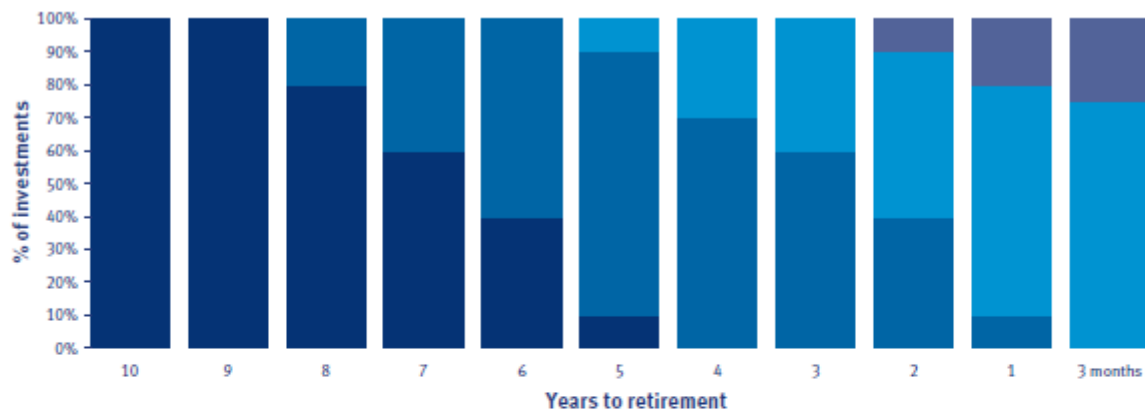
- To provide a strategy that reduces investment risk for members as they approach retirement.

As a member’s savings grow, investment risk will have a greater impact on retirement outcomes. Therefore, the Trustees believe that a default arrangement that seeks to reduce investment risk as the member approaches retirement is appropriate.

From 8 years before retirement, investment in growth assets gradually reduces and introduces a variety of more defensive assets, such as gilts, corporate bonds and other fixed income assets as members approach retirement.

At the selected retirement date, 25% of members’ savings are invested in a cash fund. The remainder is invested in a diversified multi-asset which invests in a diversified range of UK and overseas assets, including equities, bonds, property and cash. The Trustees believe this provides a well-diversified mix of growth and defensive assets for members who are either planning to remain invested after retirement or who have not made up their minds how they wish to withdraw benefits as they approach retirement.

The default arrangement is known as the Balanced Managed II Universal Lifestyle Profile (4BAL). The change in investments as a member approaches retirement is shown in the chart overleaf, provided by Standard Life:



Name	Code	Volatility rating	FMC	Additional expenses	Scheme rebate	Effective total annual fund charge	Active/passive investment
Standard Life At Retirement (Multi Asset Universal) Pension Fund	F9	4	1.00%	0.04%	0.60%	0.44%	Active
Standard Life Deposit and Treasury Pension Fund	G4	1	1.00%	0.01%	0.60%	0.41%	Active
Standard Life Managed Pension Fund	FA	5	1.00%	0.02%	0.60%	0.42%	Active
Standard Life Multi Asset Managed (20-60% Shares) Pension Fund	F8	4	1.00%	0.02%	0.60%	0.42%	Active

The charges and rebates are not guaranteed. They are regularly reviewed and may be changed in the future.

Based on their understanding of Scheme 2's membership, the Trustees believe that the objectives and above strategy reflect members' best interests. The rationale underpinning this belief is as follows:

- The Trustees believe that most members save into a pension plan in order to achieve a sustainable income in retirement. However, the Trustees also believe that many members will utilise the new flexibility available to them, at least for part of their retirement. A further cohort will be unsure about how they wish to withdraw benefits even when very close to retirement. While no single strategy can wholly align with all of these outcomes, the default strategy is designed to align with each of them to a material degree.
- The diversified nature of the investments in the default arrangement as members approach retirement also accommodates the broadest set of members approaching retirement. This diversification of investments minimises the mismatch risk of members taking benefits in a different form to the default arrangement. It should also provide a lower level of volatility than in the growth phase in order to preserve the member's pot so that the member may decide at retirement how to withdraw benefits.
- The Trustees believe that members are likely to take a tax-free cash sum at retirement. The use of the cash fund as part of the default investment strategy addresses that requirement. The Trustees will monitor members' decisions and other inputs at least annually to ensure that the default investment strategy remains suited to their needs. They will also review the investment choices available to members to ensure that those who regard the default strategy as unsuited to their needs have suitable alternative investment funds to select from.

Investment in illiquid assets are expected to bring certain benefits to members including diversification, return enhancement and inflation protection. The Trustee believes these advantages can outweigh the disadvantages of reduced liquidity, higher investment fees and higher investment risk.

Standard Life does not currently invest any of the members' funds in illiquid assets. They have signed the Mansion House compact, which promises to invest at least 5% of their portfolio in illiquid assets. At the time of writing, it has not been decided by Standard Life when illiquid assets will be added or what kind of illiquid assets will be added to the portfolio.

The statements made in the main body of this Statement of Investment Principles also apply to the default arrangement.

3. Alternative investment options

Acknowledging the challenge of identifying the best solution for different groups of members, and in focusing on its key objective, the Trustees have focused on the default strategy. Alongside the default investment option, the Trustees also makes available a range of core alternative investment choices through Standard Life when a member enters Scheme 2 as set out below:

Fund type			Objective	Target/benchmark	
Standard Pension Fund	Life Managed		The fund aims to provide long term growth whilst investing in a diversified portfolio of assets (including equities, bonds, property, cash deposits and money-market instruments) in order to reduce the risk associated with being solely invested in any one asset class. These assets can be from both the UK and overseas.	ABI (Pension) Investment	Mixed 40%-85% Shares sector
Standard Managed Pension Fund	Life Multi Asset (20-60% Shares)		The fund aims to provide long term growth whilst investing in a diversified portfolio of assets (including equities, bonds, property, cash deposits and money-market instruments) in order to reduce the risk associated with being solely invested in any one asset class. These assets can be from both the UK and overseas.	ABI (Pensions) Investment	Mixed 20%-60% Shares sector
Standard (Multi Asset) Pension Fund	Life At Retirement (Universal)		The goal of this fund is to help make sure that at your retirement date your money is in investments which are considered appropriate if you have yet to decide how you're going to take your retirement income or if you want to take a flexible income (known as drawdown).	Custom Index	Composite
Standard Targeting Pension Fund	Life Annuity		The fund is designed for investors approaching retirement and considering purchasing a fixed annuity. It aims to reduce the effect of changes in long term interest rates on the value of annuity that can be purchased.	Custom Index	Composite
Standard Treasury Pension Fund	Life Deposit and		The primary aim of the fund is to maintain capital and provide returns before charges in line with short term money market rates by investing in deposits and short-term money market instruments.	SONIA	

Standard Life UK Equity Pension Fund	The fund aims to provide long term growth and is designed for investors who are looking for exposure to the UK equity market by investing in a diversified portfolio of UK equity assets. The fund invests predominantly in the shares of large and medium sized companies listed on the UK stock markets and is actively managed.	FTSE All Share ex Inv Co Total Return GBP Index
Standard Life 30:70 Global Equity Tracker Pension Fund	The fund aims to provide long term growth by investing in a portfolio of UK and overseas equity assets. The proportions held in each component are decided after reviewing the prospects for each market and will vary from time to time around the long term strategic asset allocation of 30% in UK equities and 70% in overseas equities. Both the UK and overseas components are actively managed.	70% MSCI World Ex UK Total Return GBP Index; 30% FTSE All-Share Total Return GBP Index
Standard Life Index Linked Bond Pension Fund	The fund aims to provide long term growth from a combination of income and capital growth by investing predominantly in index-linked stock issued by the UK government. The fund is actively managed.	FTSE Actuaries UK Index-Linked Gilts Over 5 Years Total Return GBP index
Standard Life HSBC Islamic Global Equity Index Pension Fund	The fund aims to track as closely as possible the performance of the benchmark. The benchmark index is designed to measure the performance of the largest 100 companies traded globally that pass rule-based screens for adherence to Shariah Principles.	Dow Jones Islamic Market Titans 100 Total Return GBP Index (+1 Day)
Standard Life Cautious Managed II Universal Lifestyle Profile	This a lifestyle strategy that aims to give the member flexibility in how and when to take money from their pension savings, whilst carrying less volatility compared to the default investment strategy.	Custom composite benchmark

Upon entry into Scheme 2 an extended list of alternative funds and lifestyle options including Scheme 2's legacy default investment strategy, the Standard Life Balanced Managed Universal Lifestyle Profile (3BAL), becomes available to the members, in addition to the core funds listed above. The full range of funds and lifestyle options available to members can be found in the below link:

[gpen4.pdf \(standardlife.co.uk\)](#)

Alternative Lifestyle Strategy - Standard Life Cautious Managed II Universal Lifestyle Profile (4CAU)

The below table shows the change in investments as a member approaches retirement for the Cautious Managed II Universal Lifestyle Profile (4CAU), which is available within the core self-select range.

Cautious Managed II Universal Lifestyle Profile (4CAU)



Fund name	Fund code	Volatility rating	FMC	Additional expenses*	Total annual fund charge	Active/ Passive investment
Standard Life Multi Asset Managed (20-60% Shares) Pension Fund	F8	4	1.00%	0.02%	1.02%	Active
Standard Life At Retirement (Multi Asset Universal) Pension Fund	F9	3	1.00%	0.04%	1.04%	Active
Standard Life Deposit and Treasury Pension Fund	G4	1	1.00%	0.01%	1.01%	Active

The performance of the investment managers will be monitored as frequently as the Trustee considers appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

Appendix 2: Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities

1. Financially Material Considerations

The Trustee is cognisant that Scheme 2 members have a long investment time horizon, and have considered the risks of ESG factors over the long-term. The Trustees believe that ESG issues, and particularly climate change issues have the potential to be more important for members who are further from retirement, as the financial materiality of such issues will have a greater impact over a longer timeframe.

The Trustees have elected to invest Scheme 2's assets through pooled funds. The choice of underlying funds is made by the Trustees after taking advice from their investment consultant. The Trustees, and the managers of the underlying funds, take into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.

The Trustees take those factors into account in the selection, retention and realisation of investments as follows:

Selection of investments: assess the investment managers' ESG integration credentials and capabilities, including stewardship, as a routine part of requests for information/proposals as well as through other regular reporting channels.

Retention of investments: Developing a robust monitoring process in order to monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the investment managers.

Realisation of investments: The Trustees will request information from investment managers about how ESG considerations are taken into account in decisions to realise investments.

The Trustees will also take those factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of Scheme 2's investments.

The Trustees will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- The Trustees will obtain regular training on ESG considerations in order to understand fully how ESG factors including climate change could impact Scheme 2 and its investments;
- As part of ongoing monitoring of Scheme 2's investment managers, the Trustees will use any ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how Scheme 2's investment managers take account of ESG issues; and
- Through their investment consultant the Trustees will request that all of Scheme 2's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis.

2. Non-financially material considerations

The Trustees do not take account of non-financial matters (such as member ethical views) within the default investment strategy. However, they consider that it is important to ensure that a suitable range of funds are offered for members who wish to express a preference in their pension savings based on beliefs.

3. The exercise of voting rights

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustees' behalf. In doing so, the Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustees will monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through Scheme 2's investment consultant.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustees will, with input from their investment consultant, monitor and review the information provided by the investment managers. Where possible and appropriate, the Trustees will engage with their investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

4. Engagement activities

The Trustees acknowledge the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustees are of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustees also recognise that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustees consider it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of Scheme 2 or as part of the pooled fund in which Scheme 2 holds units.

The Trustees also considers it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of Scheme 2.

Should an investment manager be failing in these respects, this should be captured in Scheme 2's regular performance monitoring.

Scheme 2's investment managers are granted full discretion over whether or not to invest in the Principal Employer's business. Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustees have made the Principal Employer aware of their policy on ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

Scheme 2's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflict of interest.

The Trustees expect all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustees/investment manager and the investee companies.

In selecting and reviewing their investment managers, where appropriate, the Trustees will consider investment managers' policies on engagement and how these policies have been implemented.