

**CGG Services (UK) Limited
Pension Scheme**

Statement of Investment Principles

September 2022

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1. Introduction

1.1 Scheme Background

- This Statement of Investment Principles (the "Statement") details the principles governing investment decisions for the CGG Services (UK) Limited Pension Scheme (the "Scheme").
- The Scheme operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries.
- The Scheme provides benefits on a final salary basis. The final salary section is closed to new members and to future accrual. This Statement relates solely to the final salary section of the Scheme.
- Dean Wetton Advisory is the investment consultant to the Trustees ("the Trustees").

1.2 Statement Structure

This Statement is divided into two main sections as follows:

- **Statutory Section:** This section covers the requirements of, and the Scheme's compliance with, the provisions of the Pensions Act 1995 as amended by the Pensions Act 2004.
- **Myners Section:** This section includes additional non-statutory information that the Myners Principles recommended are included in a strengthened Statement.

2. Statutory Information

2.1 Introduction

- This section of the Statement covers the requirements of the Pensions Act 1995 and Pensions Act 2004 as amended by the occupation at pensions scheme (investment) regulations. In accordance with section 35 of the Pensions Act 1995, the Trustees have reviewed and considered written advice from the investment consultant prior to the preparation of this Statement and have consulted the Principal Employer before agreeing with the investment managers the investment strategy outlined in this document
- The Trustees have full regard to their investment powers under the Trust Deed and Rules and the suitability of types of investments, the need to diversify, the custodianship of assets and any self-investment.
- The investment managers will prepare detailed quarterly reports on their activities and custodianship and the Trustees will meet with them periodically.
- This Statement will be reviewed periodically or whenever changes to the Principles or strategy are necessary, including any appointment or review of the investment managers.
- Any changes to this Statement will be undertaken on the advice of authorised investment consultants.
- All investment decisions of the Scheme are under the control of the Trustees, with no constraint by the Principal Employer. The Trustees have consulted with the Principal Employer over this Statement.
- The Trustees will examine regularly whether additional investment training is desirable for any individual Trustee.

2.2 Statutory Requirements

- This part of the Statement details the Trustees' policy to secure compliance with the requirements of Sections 35 and 36 of the Pensions Act 1995 and Sections 244-246 of the Pensions Act. 2004.

2.2.1 Investment Objectives and Suitability of Investments:

- The Trustees' agreed investment strategy is based on an analysis of the liability profile of the Scheme, the required investment return and the returns expected from the various asset classes over the long-term. Long-term returns from equities and property are expected to exceed the returns from bonds and cash, although returns and capital values demonstrate higher volatility. The Trustees are prepared to accept this higher volatility in order to aim to achieve the overall investment objective.
- The primary objective of the Trustees is to operate an investment strategy that provides sound long-term growth and appropriate security for all beneficiaries.
- The Trustees have translated their objective into a suitable strategic asset allocation benchmark for the Scheme, details of which are included in the appendices.
- In accordance with the Financial Services & Markets Act 2000, the Trustees are responsible for setting the general investment policy, but the responsibility for all day-to-day investment management decisions has been delegated to investment managers authorised under the Act. Details are included in the appendices.
- The Trustees consider their current strategic asset allocation to be consistent with the current financial position of the Scheme. This judgement is made with reference to the technical provisions set out in the Scheme's 'Statement of Funding Principles'.

2.2.2 Diversification

- The Trustees, after seeking appropriate investment advice, have selected a strategic asset allocation benchmark (see Appendix 1).
- Subject to their respective benchmarks and guidelines the investment managers are given full discretion over the choice of stocks and are expected to maintain diversified portfolios.
- The Trustees are satisfied that the investments selected are consistent with their investment objective, particularly in relation to diversification, risk, expected return and liquidity.
- Given the size and nature of the Scheme the Trustees have decided to invest on a pooled fund basis; any such investment is effected through a direct agreement with an investment manager and/or through an insurance contract,

- The Trustees are satisfied that the range of pooled vehicles in which the Scheme's assets are invested, provides adequate diversification.

2.2.3 Balance between different kinds of investments

- The appointed investment managers will hold a mix of investments that correspond to the strategic benchmark. Within each major market each investment manager will maintain a diversified portfolio of stocks through pooled vehicles

2.2.4 Risk

- The Trustees consider the main risk to be that of the assets being insufficient to meet the Scheme's liabilities as they fall due. The Trustees will periodically assess the likelihood and impact of future undesirable financial outcomes arising in the future
- The investment strategy has been determined with the aim of achieving an excess of the value of the assets over the value placed on the liabilities of the Scheme over time, and of the need to avoid undue deficit funding from the Principal Employer. In determining the Scheme's investment strategy, the Trustees will review advice from their investment consultant on the likely range of funding levels for strategies with differing levels of investment risk relative to the Scheme's liability profile.
- Although the Trustees acknowledge that the main risk is that the Scheme will have insufficient assets to meet its liabilities, the Trustees recognise other contributory risks, including the following. The risk:
 - associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors;
 - of the Scheme having insufficient liquid assets to meet its immediate liabilities;
 - of the investment managers failing to achieve the required rate of return;
 - due to the lack of diversification of investments;
 - of failure of the Scheme's Principal Employer.
- The Trustees manage and measure these risks on a regular basis via actuarial and investment reviews, and in the setting of investment objectives and strategy.

- Monitoring of the investment managers' performance against their targets and objectives on a regular basis is undertaken.
- The Trustees have signed legal agreements with their investment managers which detail the specific performance targets; and these are shown in Appendix 1. Within each asset class, the investment managers are expected to maintain a portfolio of securities, which ensures that the risk being accepted in each market is broadly diversified.
- The divergence of the actual distribution of the investments from the benchmark weighting will be monitored by the Scheme's investment consultant. Any significant departure from the target asset allocation will be discussed on a periodic basis with the investment consultant.

2.2.5 Expected return on investments

- The long-term funding of the Scheme, in accordance with the last triennial actuarial valuation report and Statement of Funding Principles, anticipates a rate of investment return which is consistent with the overall rate of return that is expected to be achieved by the current investment strategy.

2.2.6 Kind of investments to be held

- The Scheme may invest in quoted and unquoted securities of UK and overseas markets including, for example, property, infrastructure, fixed income, index linked bonds, liability driven investments ("LDI"), cash and commodities via pooled investment vehicles that are considered to be appropriate for tax-exempt registered occupational pension schemes. The Trustees have considered the attributes of the various asset classes in conjunction with advice from their investment consultant. These attributes include:
 - security (or quality of the investment),
 - yield (expected long-term return),
 - spread (or volatility) of returns,
 - term (or duration) of the investment,
 - exchange rate risk,
 - marketability/liquidity (i.e. the ability to trade on regulated markets),
 - taxation.

2.2.7 Realisation of investments

- In the event of an unexpected need to realise all or part of the assets of the portfolio, the Trustees require the investment managers to be able to realise the Scheme's investments in a reasonable timescale by reference to the market conditions existing at the time the disposal is required and subject to the best interests of the Scheme. The Scheme's property holdings are materially less liquid than the other asset classes and therefore delays could arise were there a requirement to sell these investments.

2.2.8 Financially material considerations

- The Trustees expect their investment managers, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process.
- The Trustees have been provided with the investment managers' policies in respect of financially material considerations and are satisfied that it is consistent with the above approach.

2.2.9 Non-financial matters

- Non-financial matters may be considered if the Trustees have good reason to think that a majority of the members would share the concern.

2.2.10 Stewardship in relation to the Scheme's assets

- The Trustees have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees believe that they can promote an investment's long-term success through monitoring, engagement and/or voting, through their investment managers.

2.2.11 Engagement and monitoring

- The Trustees' policy is to delegate responsibility for engaging and monitoring investee companies to the investment managers and expects the investment managers to use their discretion to maximise financial returns for members and others over the long term.
- The Trustees do not select the assets their managers invest in. This also extends to engagement whereby the Trustees do not directly engage with, nor do they

give guidance to their asset managers to engage with specific companies for investment.

- The responsibilities the Trustees defer to the investment manager include, but are not limited to, the monitoring of capital structure of the companies they invest in. The Trustees avoid conflicts of interest both with engagement and other parties with an interest in companies they invest in by deferring the direct engagement to the investment managers.
- The Trustees, with the help of their investment advisor, periodically review the policies and actions of their investment managers to ensure they remain consistent with the Trustees policies.

2.2.12 Voting rights

- Due to the pooled nature of investments the Trustees do not have voting rights. The exercising of rights (including voting rights) attached to the Trustees investments is managed by the investment managers. The Trustees encourage the investment managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustees detailing their voting activity. The Trustees will take corporate governance policies into account when appointing and reviewing investment managers.

2.2.13 Policy for Asset Managers

- Asset Managers are paid based on a percentage of AUM. This incentivises an alignment of interests of achieving long term returns that, in conjunction with contributions, allow the Trustees to pay all benefits due.
- Contracts with investment managers are not under a fixed term and managers can be replaced if at any point the Trustees and their investment advisors believe they are not acting in member's best interests.
- The Trustees review their asset manager's beliefs to ensure they are in line with their own. The Trustee is satisfied that they are aligned in beliefs in how to make decisions based on long-term financial and non-financial performance of companies.
- Investment performance is monitored at least quarterly and reviewed at least annually.
- Performance is reviewed by the Trustees and their investment advisors on at least a quarterly basis. The Trustees take a long term performance outlook of at

least 5 years, however they review managers regularly to identify any potential issues.

- Day to day costs for investments, including turnover costs, are managed by the asset manager. The Trustees, with the assistance of their investment consultant, periodically reviews costs to ensure they are appropriate and in line with market rates.

2.2.14 Additional Voluntary Contributions (AVCs)

- The AVC options that the Trustees have in place are considered generally suitable for the Scheme's members. The Trustees monitor the performance of the AVC providers periodically.
- Members are recommended to seek independent financial advice when considering their AVC arrangements.

3. Myners Principles

The original Myners review "Institutional Investing in the UK" was published in March 2001. It included a set of 10 Principles that pension scheme trustees are recommended to use when considering their investment policy for final salary pension and 11 Principles for money purchase schemes. The Government endorsed the report with some minor modifications in October 2001. Pension scheme trustees were asked to comply with the Principles on a voluntary basis. The Myners Principles recommend that certain issues are included in the Statement.

The Myners Principles were subsequently reviewed in October 2008 and specific reference to the Statement was removed and replaced with a requirement for Trustees to act in a transparent and responsible manner. In making the following statements the Trustees believe that they are complying with the spirit of these Principles.

3.1 Defined Benefits

3.1.1 Responsible ownership

Details of the Trustees responsible ownership policies (including the exercising of voting rights) attaching to the Scheme's investments are included in Sections 2.2.8 to 2.2.12.

3.1.2 Transparency and Reporting

The Trustees have discretion over the form of reporting they wish to undertake. This Statement provides the following details of the Trustees' investment approach:

- Who is taking which decisions and why has the structure been selected?

Details of the Trustees' decision-making structure are included in section 2.1

- The Trustees' investment objective.

Details of the Trustees' investment objective are included in section 2.2.1, with the appointed managers' specific objectives in Appendix 1.

- The Trustees' asset allocation strategy, including projected investment returns in each asset class, and how the strategy has been selected.

Details of the Trustees' asset allocation strategy are included in Appendix 1. The strategy was constructed following consultation with the Trustees' investment

consultant, and included consideration of the likely range of returns from each asset class.

- The mandates given to all advisers and investment managers.

The responsibilities of the Trustees, investment managers and investment consultant are outlined in section 3.2, while the investment managers' mandates are specified in Appendices 1 and 2.

- The nature of the fee structures in place for all advisers and investment managers; and why this set of structures has been selected.

Details of the fees charged by the investment consultant and investment managers are included in Appendix 2. The Trustees have discussed and agreed these fees following consultation with their adviser, where appropriate, and believe they are reasonable for the services they receive.

3.2 Appointments & Responsibilities

3.2.1 Trustees

The Trustees' primary responsibilities include:

- Preparation of the Statement of Investment Principles, review of the content of the Statement and modification of it if deemed appropriate, in consultation with the Principal Employer and investment consultant, at least every three years or more frequently if there has been a significant change in investment policy.
- Appointing investment managers, investment consultants and actuaries as necessary for the good stewardship of the Scheme.
- Reviewing the investment strategy following the results of each actuarial review, and/or asset liability modelling exercise, and/or significant changes to the Scheme's liabilities, in consultation with the investment consultant and Scheme Actuary.
- Assessing the performance and processes of the investment managers by means of regular, but not less than annual, reviews of investment performance and other information, in consultation with the investment consultant.
- Monitoring compliance of the investment arrangements with this Statement on a regular basis.

- Monitoring risk and as and when required the manner in which the investment managers have cast votes on behalf of the Trustees in respect of the Scheme's equity holdings.

3.2.2 Investment Consultant

The Trustees' investment consultant is Dean Wetton Advisory UK Limited; its main responsibilities include:

- Assisting the Trustees in the preparation and periodic review of this Statement in consultation with the Principal Employer and the Scheme Actuary.
- Undertaking project work including reviews of investment strategy, investment performance, medium-term asset allocation and manager structure as required by the Trustees.
- Advising the Trustees on the selection and review of investment managers.
- Monitoring and advising upon where contributions should be invested on a periodic basis.

3.2.3 Investment Managers

The investment managers' main responsibilities include:

- Investing assets in a manner that is consistent with the objectives set.
- Ensuring that investment of the Scheme's assets is in compliance with prevailing legislation and within the constraints detailed in this Statement.
- Providing quarterly reports including a review of the investment performance and any changes to their investment process.
- Attending meetings with the Trustees as and when required.
- Informing the Trustees of any changes in the internal performance objective and guidelines of any pooled fund used by the Scheme as and when they occur.
- Exercising voting rights on shareholdings in accordance with their general policy.

3.2.4 Custodian

- The custodianship arrangements are those operated by the investment managers for all clients investing in their pooled funds.

3.2.5 Administrators

- The Scheme's administration is carried out by Capita

3.2.6 Scheme Actuary

The Scheme Actuary's main responsibilities include:

- Commenting on the suitability of the Scheme's investment strategy given the financial characteristics of the Scheme.
- Performing the triennial (or more frequently as required) valuations and advising on the appropriate level of contributions and the Scheme's funding level in order to aid the Trustees in balancing short-term and long-term objectives.
- Assessing the funding position of the Scheme and advising on the appropriate response to any shortfall.
- The Scheme Actuary is Mr Martin West FIA, of Capita.

3.3 Investment Monitoring

3.3.1 Performance Monitoring

- Each of the vehicles in which the Scheme invests has a stated performance objective by which the performance is measured.
- The Trustees will review the performance of the appointed investment managers from time to time, based on the results of their performance and investment process.
- The investment managers are expected to provide written reports on a quarterly basis, and report verbally on request, to the Trustees.

Appendix 1 — Strategic Benchmark and Objectives

Total Scheme Strategic Benchmark

The target strategic asset allocation for the Scheme is set out below.

Asset Type	Allocation (%)	Investment Style	Range (%)
Diversified Growth	12	Active	0 – 20
Property	5	Active	0 – 10
Multi Asset Credit	30	Active	0 – 50
Corporate Bond	10	Active	0 – 20
Liability Driven Investments + Cash	43	Active	30 – 60
Total	100.0		

The Trustees may from time to time decide to adopt a different allocation target to the Central Allocation set out in the table above. Adjustments will be based on the medium-term outlook for investment returns for different asset classes. The adjustments are expected to, but not limited to, result in the Scheme's allocations remaining within the ranges noted above, subject to any further market movements. The Trustees will take advice from their investment consultant prior to adjusting their asset allocation.

The Trustees have appointed Legal & General Investment Management ("LGIM"), BNY Mellon Newton Investment Management ("Newton"), Janus Henderson Investors ("Henderson"), Loomis Sayles Investments Limited ("Loomis"), Columbia Threadneedle ("Threadneedle") and Schroder Real Estate Investment Management Limited ("Schroder") to manage its assets.

The Scheme's diversified growth investments are managed by Newton (active).

The Schemes property investments are managed by Schroder (active) these are categorised as cashflow matching assets.

The Scheme's other matching assets are managed by Henderson (active), Loomis (active), Threadneedle (active) and LGIM (active).

Performance objectives relative to the specified benchmark Index for each of the Scheme's investment managers and funds are outlined below. All performance objectives (except for passively managed funds) are net of fees and measured over rolling three-year periods, unless otherwise stated.

Manager	Asset Type	Current Allocation (%)	Benchmark Index	Investment Style	Performance Objective
BNY Mellon	Diversified Growth	12	UK 1 Month LIBOR	Active	+4.0% p.a. (gross)
Schroder	Property	5	MSCI UK Quarterly Property Fund Index — All Balanced Property Fund Index Weighted Average	Active	+1.2% p.a. (gross)
Loomis Sayles	Multi Asset Credit	15	Composite Index*	Active	Benchmark + 1% p.a. (gross)
Henderson	Multi Asset Credit	15	LIBOR GBP 3 Month	Active	LIBOR 3m GBP + 5% p.a. (gross)
LGIM	Corporate Bonds	10	iBoxx £ Non-Gilt 10 Year + Index	Active	+0.75% p.a. (gross)
Threadneedle	Liability Driven Investment	17	Leveraged Liability Benchmark – gilts	Active	No outperformance objective
Threadneedle	Cash	26	Sonia	Active	**
Total		100.0			

* 50% Bloomberg Barclays Global Aggregate Corporate — USD Hedged Index, 25% Bloomberg Barclays Global High Yield – USD Hedged Index, 15% JP Morgan Corporate Emerging Markets Bond Index (CEMBI) Broad Diversified Index, 10% S&P/LSTA Leveraged Loan Index

** Maintain liquidity and generate a return in line with money market rates

Appendix 2 — Fees

Manager	Asset Type	Investment Style	Fund	AMC Fees (% p.a.)
Ninety One	Diversified Growth	Active	Diversified Growth Fund	0.60
BNY Mellon	Diversified Growth	Active	Real Return Fund	0.75
Schroder	Property	Active	UK Real Estate Fund	0.70
Loomis Sayles	Multi Asset Credit	Active	World Credit Asset Fund	0.60
Henderson	Multi Asset Credit	Active	Multi Asset Credit Fund	0.50
LGIM	Corporate Bonds	Active	Active Corporate Bond Fund – Over 10 Years	0.20
Threadneedle	Liability Driven Investment	Passive	Regular Profile Leveraged Nominal Gilt Fund	First £15m 0.18 Thereafter 0.15 (Min £15k)
Threadneedle		Passive	Regular Profile Leveraged Real Gilt Fund	
Threadneedle		Passive	Short Profile Leveraged Real Gilt Fund	
Threadneedle	Cash	Active	Sterling Liquidity Fund	0.10

N.B Some fees may, in practice, be higher due to additional administrative, third party and custody charges.

Investment Consulting Fees

The investment consultancy services are provided by Dean Wetton Advisory UK Limited who provide their services on an ad valorem basis. The basis of remuneration is kept under review.