Eni UK Limited Retirement Benefits Scheme
Statement of Investment Principles

Purpose of this Statement

This SIP has been prepared by the Trustees of the Eni UK Limited Retirement Benefits Scheme (the "Scheme"). This statement sets out the principles governing the Trustees' decisions to invest the assets of the Scheme.

The Scheme's investment strategy is derived from the Trustees' investment objectives. The objectives have been taken into account at all stages of planning, implementation and monitoring of the investment strategy.

Investment objective

The Trustees invest the assets of the Scheme with the aim of ensuring that all members' accrued benefits can be paid. The Scheme's funding target is specified in the Statement of Funding Principles, and the Scheme's funding position will be reviewed annually to assess the position relative to the funding target and whether the investment policy remains appropriate to the Scheme's circumstances.

The Scheme's present investment objective is to achieve a return of around 1.4% per annum above the return on UK Government bonds (which are considered to move in a similar manner to the calculated value of the Scheme's liabilities).

Investment strategy

The Trustees take a holistic approach to considering and managing risks when formulating the Scheme's investment strategy.

The Scheme's investment strategy was derived following careful consideration of the factors set out in Appendix A. The considerations include the nature and duration of the Scheme's liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of employer contributions required to fund the Scheme, and also the strength of the sponsoring company's covenant. The Trustees considered the merits of a range of asset classes.

The Trustees recognise that the investment strategy is subject to risk, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and liabilities. The risk is managed by investing in assets which are expected to perform in excess of the liabilities over the long term, and also by investing in a suitably diversified portfolio of assets with the aim of minimising (as far as possible) volatility relative to the liabilities. The assets of the Scheme consist predominantly of investments admitted to trading on regulated markets.

The actual asset allocation will deviate from the benchmark allocation shown below due to market movements. In particular, the LDI allocation may move meaningfully under or overweight due to changes in interest rates or inflation expectations. In such instances, the Trustees may not actively seek to rebalance the portfolio in order to preserve the existing level of interest rate and inflation hedging. However, the LDI funds have a mechanism to call / distribute cash in the event they experience large falls / rises in value; it is the Trustees' policy to use these cash calls and distributions to bring the assets back towards the benchmark allocation.

The Scheme's present strategy is to invest according to the following broad asset allocation:

Asset Class	**Proportion %**	**Expected Return %[1]**
Diversified Growth Funds ("DGF")	7.5	3.5
Buy and Maintain Credit ("B&M")	12.5	0.9
Absolute Return Bonds (Low Risk)	15	1.5
Absolute Return Bonds (High Risk)	25	2.6
Liability Driven Investment ("LDI")	40	n/a
Total	100	1.4

[1] Isio return assumptions as at 30 September 2023. Expressed relative to the yield on fixed interest gilts (the annual yield at the 10-year tenor on the Bank of England spot curve). This yield was 4.5% at 30 September 2023. The "Total" includes the estimated diversification benefit.

The Trustees' aim is to target a liability hedge in line with the Technical Provisions funding level; there is no automatic rebalancing of the liability hedge to this level. At the time of writing the Technical Provisions basis was calculated using the Scheme's projected future cash flows discounted in line with the gilts curve with a 0.5% margin for outperformance and the target liability hedge target was 114% for interest rates and inflation.

The expected returns shown in the above table represent long-term expectations of asset classes as a whole. Where the Scheme has appointed "active" fund managers, their objective is to outperform the market average. Short-term returns in some asset classes may exhibit considerable variability.

Leverage and collateral management

The Trustees will adhere to all relevant regulatory guidance and requirements in relation to leverage and collateral management within the Scheme's liability hedging portfolio (LDI).

The Trustees have a stated collateral management policy / framework. The Trustees have agreed a process for meeting collateral calls should these be made by the Scheme's LDI investment manager. The Trustees will review and stress test this policy / framework on a regular basis.

Further details on this can be found in Appendix C.

Investment Management Arrangements

The Trustees have appointed BlackRock Investment Management ("BlackRock"), Legal & General Investment Management Ltd ("LGIM") and M&G Investments ("M&G") to manage the assets of the Scheme. The fund managers are regulated under the Financial Services and Markets Act 2000. Further details on each mandate are set out below:

Fund Manager	Fund	Proportion %	Performance Target (gross of fees)	Fees
BlackRock[1] (DGF)	Dynamic Diversified Growth Fund	7.5	3- month SONIA + 3% over a 3 year rolling period	0.55% p.a.
LGIM (Maturing Buy and Maintain Credit)	Maturing Buy and Maintain Fund (2025-2029)	12.5	To generate a stable stream of cashflows for investors	0.15% p.a.
LGIM (Absolute Return Bonds)	Absolute Return Bond Fund	15	3-month SONIA	0.25% p.a.
LGIM (LDI)	Matching Core Liability Driven Investment	40	N/A	0.18% p.a.
M&G (Absolute Return Bonds)	Alpha Opportunities Fund	25	1-month SONIA + 3% - 5%	0.50% p.a.

[1]The Trustees appointed Bank of New York Mellon to act as a custodian with respect to the Scheme's investment in the BlackRock Funds.

All decisions about the day-to-day management of the assets have been delegated to the investment managers via a written agreement. The delegation includes decisions about:

- Selection, retention and realisation of investments including taking into account all financially material considerations in making these decisions;
- The exercise of rights (including voting rights) attaching to the investments

- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustees take investment managers' policies into account when selecting and monitoring managers. The Trustees also take into account the performance targets the investment managers are evaluated on. The investment managers are expected to exercise powers of investment delegated to them, with a view to following the principles contained within this statement, so far as is reasonably practicable.

The fund managers' remuneration is based upon a percentage value of the assets under management.

As the Scheme's assets are invested in pooled vehicles, the custody of the holdings is arranged by the fund manager. The custodian provides safekeeping for the assets and performs all associated administrative duties such as the collection of dividends.

Investment Manager Monitoring and Engagement

The Trustees monitor and engage with the Scheme's investment managers and other stakeholders on a variety of issues. Below is a summary of the areas covered and how the Trustees seek to engage on these matters with investment managers.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy and Risk	• The Trustees receive a quarterly performance report which details information on the underlying investments' performance, strategy and overall risks, which are considered at the relevant Trustee meeting. • The Scheme's investment managers are invited, in person, to present to the Trustees on their performance, strategy and risk exposures.	• There are significant changes made to the investment strategy. • The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Trustees' expectations. • Underperformance vs the performance objective over the period that this objective applies.
Environmental, Social, Corporate Governance factors and the exercising of rights	• The Trustees' investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues. • The Trustees receive information from their investment advisers on the investment managers' approaches to engagement.	• The manager has not acted in accordance with their policies and frameworks (including stewardship priorities).

Through the engagement described above, the Trustees will work with the investment managers to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustees will review the relevant investment manager's appointment and will consider terminating the arrangement.

Employer-related investments

The Trustees' policy is not to hold any employer-related investments as defined in the Pensions

Act 1995 and the Occupational Pension Scheme's (Investment) Regulations 2005 except where the Scheme invests in pooled vehicles that may hold employer-related investments, in which case the total exposure to employer-related investments will not exceed 5% of the Scheme's value.

Direct investments

Direct investments, as distinguished by the Pensions Act 1995, are products purchased without delegation to a fund manager through a written contract. These include the pooled vehicles available for members' AVCs/DC contributions through arrangements with Standard Life, Phoenix Life and Scottish Widows. When selecting and reviewing any direct investments, the Trustees will obtain appropriate written advice from their investment advisers.

Liquidity & Cashflow

The majority of the Scheme's assets are invested in funds which offer daily or weekly liquidity, which can be readily realised at short notice in order to meet the Scheme's net cashflow needs.

The Trustees review and agree where to disinvest from in order to meet net cashflow requirements on a regular basis at each Trustee meeting. The Trustees seek to use these disinvestments to manage divergence of the assets from the benchmark allocation, subject to the constraint of maintaining the Scheme's levels of interest rate and inflation hedging. Therefore, in the event that the LDI assets are overweight, the Trustees will source cashflows from any available cash holding alongside these funds; in the event that there is no such cash holding, or that LDI assets are underweight, the Trustees will source cashflows from the most overweight liquid "return seeking" manager, unless they are unable to do so in the required timescales, in which case the Trustees will take alternative advice on the most appropriate manager to source the cashflows from.

Governance

The Trustees of the Scheme make all major strategic decisions including, but not limited to, the Scheme's asset allocation and the appointment and termination of fund managers.

When making such decisions, and when appropriate, the Trustees take proper written advice. The Trustees' believe that their investment advisers, Isio Group Limited, are qualified by their ability in and practical experience, of financial matters, and have the appropriate knowledge and experience. The investment adviser's remuneration may be a fixed fee or based on time worked, as negotiated by the Trustees in the interests of obtaining best value for the Scheme.

Compliance

This Statement has been prepared in compliance with the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Scheme's (Investment) Regulations 2005. Before preparing or subsequently revising this Statement, the Trustees consulted the sponsoring employer and took appropriate written advice. The Statement is reviewed at least every three years, and without delay after any significant change in investment policy.

Signature: R. Waterlow **Date:** 12/3/24

On behalf of the Trustees of the Eni UK Limited Retirement Benefits Scheme

Signature: .... **Date:** 12/3/24

On behalf of the Employer

Appendix A – Risks, Financially Material Considerations and Non-Financial matters

A non-exhaustive list of risks and financially material considerations that the Trustees have considered and sought to manage is shown below.

The Trustees adopt an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks	**Definition**	**Policy**
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	• Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the sponsoring company's covenant strength. • Investing in a diversified portfolio of assets.
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	• Funding risk is considered as part of the investment strategy review and the actuarial valuation. • The Trustees will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	• When developing the Scheme's investment and funding objectives, the Trustees take account of the strength of the covenant ensuring the level of risk the Scheme is exposed to is at an appropriate level for the covenant to support.

The Scheme is exposed to a number of underlying risks relating to the Scheme's investment strategy, these are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To target a level of liability hedging in line with the Scheme's Technical Provisions funding level.

Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to meet regulatory guidance around providing collateral to the LDI manager.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criterion: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory 6. UK Stewardship Code signatory The Trustees monitor the managers on an ongoing basis.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	The Trustees will consider an appropriate level of hedging on an ongoing basis.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.

Appendix B

The Trustees have the following policies in relation to the investment management arrangements for the Scheme:

How the investment managers are incentivised to align their investment strategy and decisions with the Trustees policies.	• As the Scheme is invested in pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustees' policies. However, the Trustees invest in a portfolio of pooled funds that are aligned to the strategic objective.
How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	• The Trustees review the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements. • The Trustees monitor the investment managers' engagement and voting activity on an annual basis as part of their ESG monitoring process. • The Trustees do not incentivise the investment managers to make decisions based on non-financial performance.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustees' policies.	• The Trustees review the performance of all of the Scheme's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. • The Trustees evaluate performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	• The Trustees do not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.
The duration of the Scheme's arrangements with the investment managers	• The duration of the arrangements is considered in the context of the type of fund the Scheme invests in. o For open ended funds, the duration is flexible and the Trustees will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.

Voting Policy - How the Trustees expect investment managers to vote on their behalf	• The Trustees have acknowledged responsibility for the voting policies that are implemented by the Scheme's investment managers on their behalf.
Engagement Policy - How the Trustees will engage with investment managers, direct assets and others about 'relevant matters'	• The Trustees have acknowledged responsibility for the engagement policies that are implemented by the Scheme's investment managers on their behalf. • The Trustees, via their investment advisers, will engage with managers about 'relevant matters' at least annually.

Appendix C

Collateral management policy

At the time of writing, the Trustees are targeting a level of collateral that can withstand approximately a 2.5% rise in interest rates without triggering an external disinvestment from their holdings outside of the LGIM Sterling Liquidity Fund or LGIM Absolute Return Bond Fund.

The Trustees will review their collateral management policy no less frequently than annually, or as soon as possible in the event of significant market movements.

The Trustees also have a framework for topping up the collateral.

Trigger	Action	Responsibility
Pooled LDI fund issues capital call and LGIM able to meet this using assets from the automatic collateral waterfall	Assets sold from below collateral waterfall at LGIM to meet capital call	LGIM responsible for implementation
Pooled LDI fund issues capital call and LGIM are unable to meet all of this using this using assets from the automatic collateral waterfall	Trustees to adjust wider strategy to ensure capital call can be met, or consider reducing the liability hedge	Trustees responsible for implementation

The latest collateral waterfall is set out below. Assets held with LGIM are shown in bold, reflecting the lower governance burden on the Trustees.

Manager	Asset Class	Dealing frequency	Notice period	Settlement period	Within automatic waterfall?
LGIM	**Cash**	**Weekly**	**12pm T - 2**	**T + 2**	**Yes**
LGIM	**Absolute Return Bonds**	**Weekly**	**12pm T - 2**	**T + 2**	**Yes**
BlackRock*	Diversified Growth Fund	Daily	11am T - 0	T + 3 days	No
M&G*	Absolute Return Bonds	Monthly on the first business day of the month	T-60 days	T + 10 days	No
LGIM*	**Buy & Maintain Credit**	**Weekly**	**12pm T - 2**	**T + 2**	**No**

*The order in which Trustees would use assets from this holding as a source of collateral is subject to the timings that assets are required to be realised to meet a given collateral event. The Trustees will adjust the priority order of the source of collateral in the waterfall accordingly to act in the best interest of the Scheme in the relevant market conditions.