

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT MEETING NOTICE AND AGENDA

COMPENSATION COMMITTEE

Thursday, January 16, 2025, No Sooner Than 9:50 AM

SRP Administration Building
1500 N. Mill Avenue, Tempe, AZ 85288

Committee Members: Mario Herrera, Chair; Krista O'Brien, Vice Chair; and Robert Arnett, Nicholas Brown, Kevin Johnson, Sandra Kennedy, Larry Rovey, and Stephen Williams

Call to Order

Roll Call

1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Committee and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Committee Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item CHAIR MARIO HERRERA

- Request for approval of the minutes for the meeting of December 12, 2024.

2. SRP Employees' Retirement Plan – Manager Presentation by Legal and General Investment Management America (LGIMA) CHALESE HARALDSEN; and CHRIS WITTEMANN and GRANT PODOLSKI, LGIMA

Informational presentation by LGIMA, a fixed income manager in the SRP Employees' Retirement Plan (the Plan). Discussion will include current performance, portfolio positioning, and market outlook relative to the Plan.

3. SRP Employees' Retirement Plan – Actuarial Update CHALESE HARALDSEN

Informational presentation regarding the annual review of the Plan's funded status based on the most recent actuarial report.

4. Report on Current Events by the General Manager and Chief Executive Officer and Designees JIM PRATT

5. Future Agenda Topics CHAIR MARIO HERRERA

The Committee may vote during the meeting to go into Executive Session, pursuant to A.R.S. §38-431.03 (A)(3), for the purpose of discussion or consultation for legal advice with legal counsel to the Committee on any of the matters listed on the agenda.

The Committee may go into Closed Session, pursuant to A.R.S. §30-805(B), for records and proceedings relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information.

Visitors: The public has the option to attend in-person or observe via Zoom and may receive teleconference information by contacting the Corporate Secretary's Office at (602) 236-4398. If attending in-person, all property in your possession, including purses, briefcases, packages, or containers, will be subject to inspection.



THE NEXT COMPENSATION COMMITTEE MEETING
IS SCHEDULED FOR THURSDAY, FEBRUARY 13, 2025

01/09/2025

MINUTES
COMPENSATION COMMITTEE

DRAFT

December 12, 2024

A meeting of the Compensation Committee of the Salt River Project Agricultural Improvement and Power District (the District) and the Salt River Valley Water Users' Association (the Association), collectively SRP, convened at 9:59 a.m. on Thursday, December 12, 2024, from the Hoopes Board Conference Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines.

Committee Members present at roll call were M.J. Herrera, Chair; K.H. O'Brien, Vice Chair; and R.C. Arnett, N.R. Brown, S.D. Kennedy, L.D. Rovey, and S.H. Williams.

Committee Member absent at roll was K.J. Johnson.

Also present were President D. Rousseau; Vice President C.J. Dobson; Board Members M.V. Pace, P.E. Rovey, and J.M. White Jr.; Council Chair J.R. Shelton; Council Vice Chair T.M. Francis; Council Liaison M.G. Rakow; Council Members M.L. Farmer, A.A. Freeman, E.L. Gorsegner, R.S. Kolb, and P.E. Paceley; I.R. Avalos, A.N. Bond-Simpson, M.J. Burger, J.D. Coggins, A.C. Davis, M. Feder, J.M. Felty, C. Haraldsen, J.W. Hubbard, R.T. Judd, V.P. Kisicki, B.J. Koch, K.J. Lee, L.A. Meyers, G.A. Mingura, and C.M. Sifuentes of SRP; and Darren Kleis, James Lange, and Patrick Muga of Principal Asset Management (Principal).

In compliance with A.R.S. §38-431.02, Andrew Davis of the Corporate Secretary's Office had posted a notice and agenda of the Compensation Committee meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Tuesday, December 10, 2024.

Chair M.J. Herrera called the meeting to order.

Consent Agenda

Chair M.J. Herrera requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Board Member R.C. Arnett, and seconded by Board Member N.R. Brown, the Committee unanimously approved and adopted the following item on the Consent Agenda:

- Minutes of the Compensation Committee meeting on November 19, 2024, as presented.

Corporate Secretary J.M. Felty polled the Committee Members on Board Member R.C. Arnett's motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

YES:	Board Members M.J. Herrera, Chair; K.H. O'Brien, Vice Chair; and R.C. Arnett, N.R. Brown, S.D. Kennedy, L.D. Rovey, and S.H. Williams	(7)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Member K.J. Johnson	(1)

SRP Employees' Retirement Plan – Investment Manager Presentation by Principal

Using a PowerPoint presentation, Chales Haraldsen, SRP Senior Manager and Assistant Treasurer of Financial Trusts and Investments, stated that the purpose of the presentation was for Principal to provide information regarding Principal's investment fund in the SRP Employees' Retirement Plan (the Plan), including current performance, portfolio positioning, and market outlook relative to the Plan. They said that Principal, a daily valued, open-ended, private equity, core real estate manager in the Plan, was hired February 2021 to manage assets in the Plan.

C. Haraldsen stated that as of October 31, 2024, the current market value of the Plan is \$2.87 billion. They introduced James Lange, a Managing Director of Principal.

Next, J. Lang reviewed the materials distributed to the Members relative to the Plan investments as of September 30, 2024. They introduced Darren Kleis, a Managing Director of Principal.

Continuing, D. Kleis stated that as of September 30, 2024, the market value of the Plan's assets managed by Principal is approximately \$110 million. They provided an overview of the Plan's performance and Principal's portfolio positioning.

C. Haraldsen of SRP; and J. Lang and D. Kleis of Principal responded to questions from the Committee.

Copies of the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

T.A. Kaschak entered the meeting during the presentation.

Report on Current Events by the General Manager and Chief Executive Officer or Designees

There was no report on current events by Jim M. Pratt, SRP General Manager and Chief Executive Officer.

Future Agenda Topics

Chair M.J. Herrera asked the Committee if there were any future agenda topics. None were requested.

There being no further business to come before the Compensation Committee, the meeting adjourned at 10:21 a.m.

John M. Felty
Corporate Secretary

SRP Employees' Retirement Plan

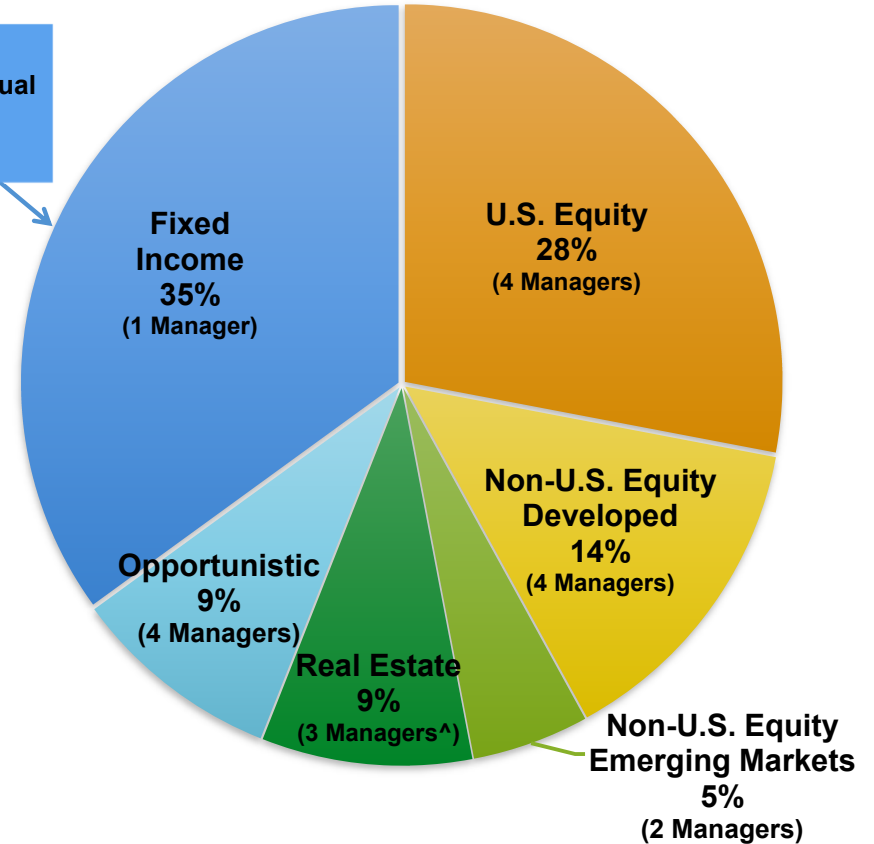
Compensation Committee | January 16, 2025

PRESENTING INVESTMENT MANAGER: LGIM AMERICA

RETIREMENT PLAN MARKET VALUE: \$2.91 BILLION*

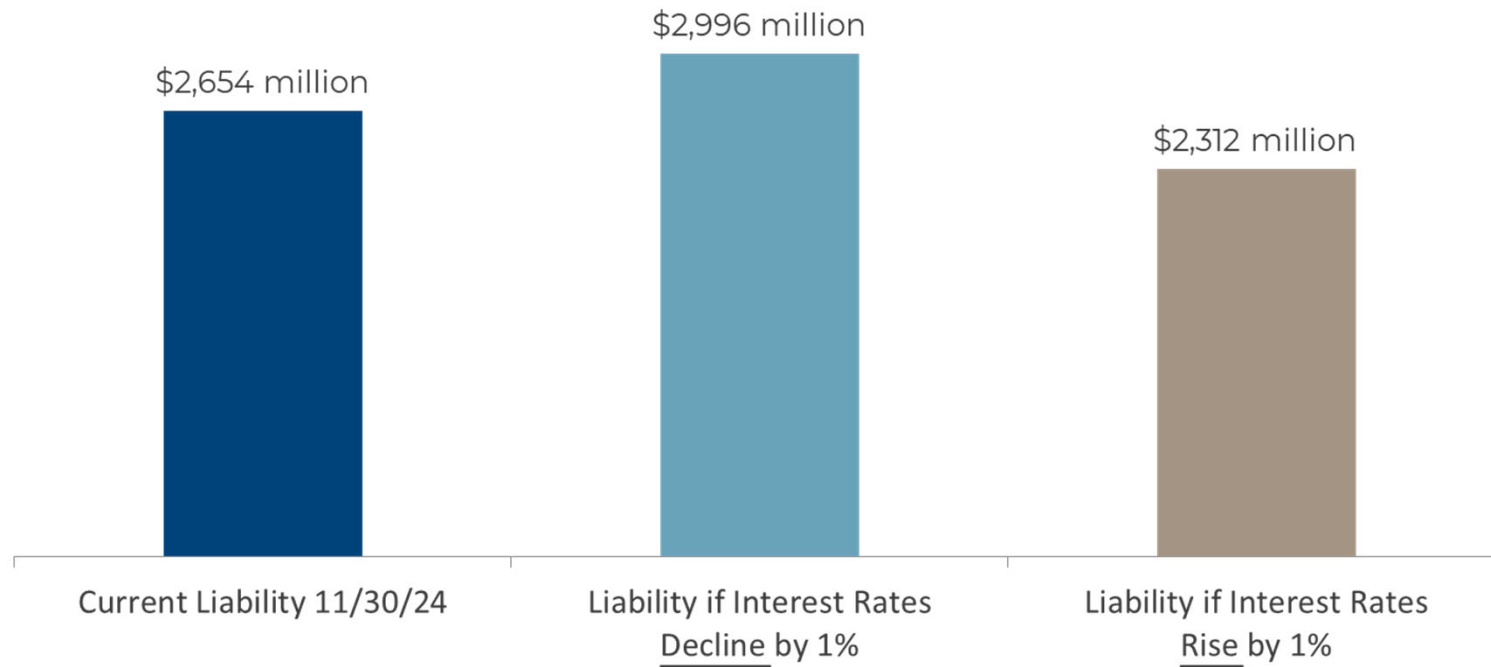
- Hired April 2015
- Liability-Driven Investment (LDI) strategy; unique focus is liability hedge
- Seeks to manage portfolio's overall interest rate & credit spread exposure
- Tight tracking error; matches all key rate exposures of liability profile
- Focus on investment grade segment; performance driven by sector & individual issuer selection

LGIMA*
35.0% Target | 34.3% Actual
\$998.7 million
Mgmt. Fee: 0.18%



SRP PENSION LIABILITY CHANGE

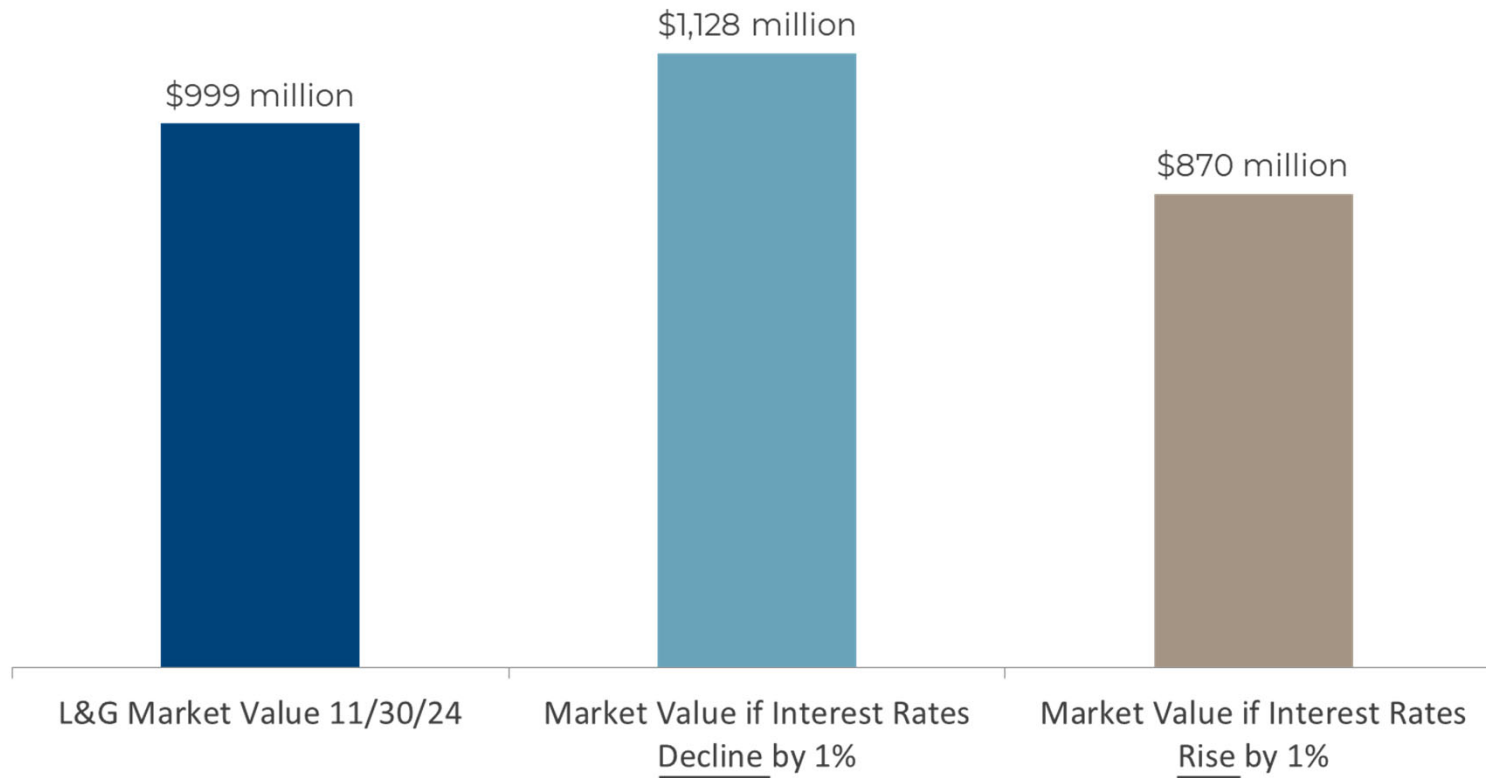
SRP's Liability Fluctuates by Approximately \$342 million or by 12.9% if Interest Rates Move by 1%



Note: Duration, a measure of interest rate sensitivity, for the SRP plan was 12.9 years as of November 30, 2024.

FIXED INCOME SEGMENT EXPECTED MARKET VALUE CHANGE

SRP's Fixed Income Segment Market Value Fluctuates by Approximately \$129 million if Interest Rates Move by 1%



Note: Duration, a measure of interest rate sensitivity, for the SRP plan was 12.9 years as of November 30, 2024.



Presentation to
**Salt River Project Compensation
Committee**

January 16, 2025

Date of Meeting: 01/16/2025
Name of Meeting: SRP Compensation Committee
Presenter: LGIM America (Chris Wittemann and Grant Podolski)



LGIMA's active fixed income value proposition

Experience

- 40-person Active Fixed Income team with six senior portfolio managers averaging 19 years of experience
- 17 active fixed income research analysts averaging 19 years of experience
- Senior portfolio managers are not only connected to the market activity, but they are actively involved in managing portfolios as well as assessing sector risk

Performance

- Flagship Long Duration US Credit strategy has delivered a top-rated information ratio ranking since inception (2007)¹
- 17-year Long Duration US Credit track record outperforming the benchmark on a gross and net basis since inception (2007)²
- Successfully avoided 90.6% of downgrades to high yield in the Long Credit benchmark since inception³

Client-driven

- 47 solutions and investment specialists dedicated to supporting clients to shape outcomes and help achieve their goals
- An independent client survey ranked LGIM America's client service experience at 96.7% in 2023⁴
- Has actively managed fixed income and custom solutions mandates tailored to unique client objectives for 18 years

As of September 30, 2024 unless otherwise noted below.

1 Inception date is June 30, 2007. Benchmark is Bloomberg US Long Credit Index. Peer ranking against eVestment's US Long Duration Credit universe of 10 members generated November 4, 2024 using LGIMA September 30, 2024 data. LGIMA is ranked 2nd out of 10 with a percentile ranking of 11 for information ratio gross data and 2nd out of 9 for net data with a percentile ranking of 12.

2 Please see the attached Global Investment Performance Standards (GIPS®) Composite Report for detailed gross and net of fees performance.

3 As of September 30, 2024. Downgrade percentage is based on the representative account which was selected for best depicting the strategy offered by LGIMA during the period. Various deviations can trigger a change in the representative account to another account that better exemplifies the strategy. Accordingly, multiple representative accounts may exist over time and will differ from any actual client experience historically or in the future. Past downgrade results are for illustrative purposes only and are not indicative of future outcomes. LGIMA representative account downgrades: 2008: Lehman; 2009: Continental Airlines; 2012: Rockies Express Pipeline; 2016: Kinross Gold, EnSCO, FirstEnergy; 2019: Pacific Gas & Electric; 2020: Kraft Heinz, Occidental Petroleum, Petroleos Mexicanos, Huntington Bancshares Inc.; 2021: Colombia; 2022: HCA Inc.

4 Reporting completed November 2023. Penhurst Associates is a research consultancy, focused on delivering strategic market and client insight to asset managers and other organizations in the financial sector. LGIM America compensated Penhurst for its research services but did not direct or limit Penhurst's research process or engagement with LGIM America clients. Clients responding to the Penhurst survey were not compensated by either LGIM America or Penhurst.

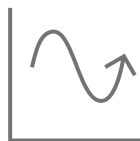
2 Fifteen clients responded to the survey.



Salt River Project Custom Fixed Income Portfolio

The objective of the strategy is to manage a high-quality fixed income portfolio designed to:

Retain Funded Status Gains / Reduce Funded Status Volatility



Provide Consistent Income to Pay Benefits to Beneficiaries



Actively Select Bonds to Avoid Downgrades & Defaults



Strategy objectives

Investing in bonds can help immunize a portion of the liability and “lock-in” gains in funded status due to changes in rates.

Credit and US Treasury bonds pay consistent fixed interest payments and principal that can be used to pay beneficiaries.

Active management of credit issuers seeks to reduce the risk of having defaults or downgrades in the portfolio.

There is no guarantee that LGIMA will be successful in meeting the above objectives.

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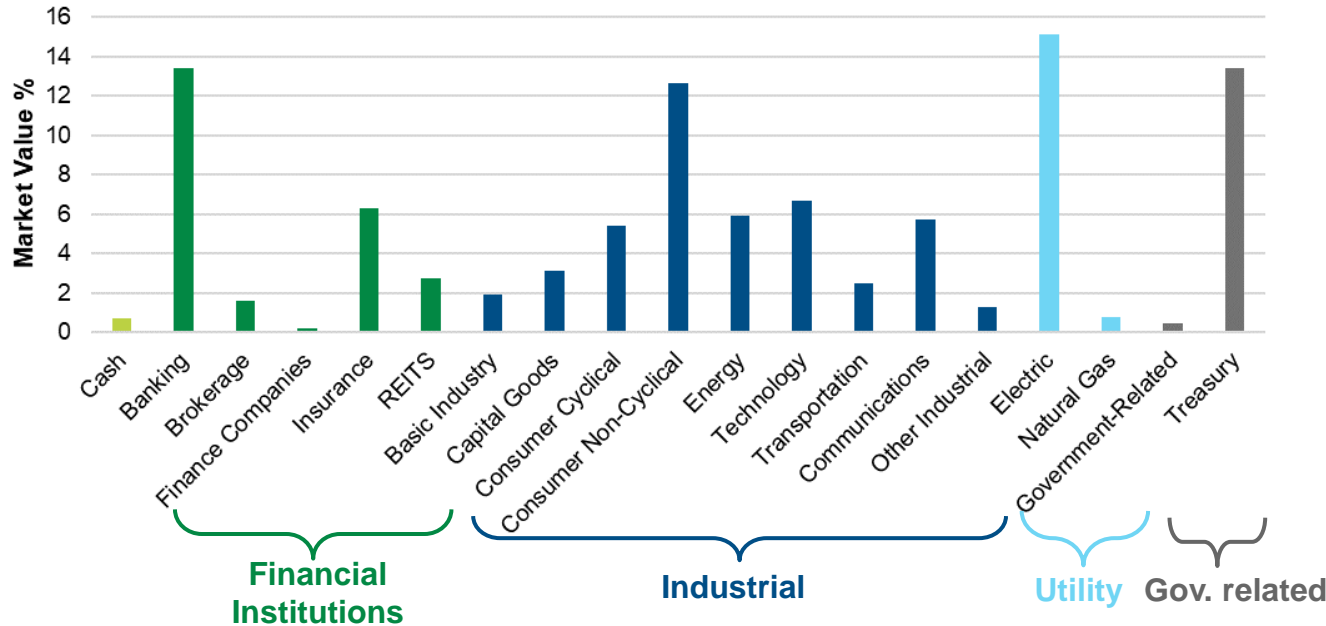
Presenter: LGIM America (Chris Wittemann and Grant Podolski)

Overall Fixed Income Portfolio Characteristics

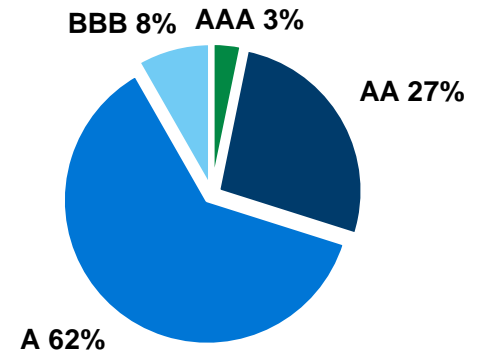
Characteristics	Portfolio
Market value (\$mm)	999
Number of holdings	409
Number of Issuers	144
Duration (OAD)	12.08
Average rating	A+ / A
Yield to worst %	5.19

Top ten issuer names	Portfolio %
United States of America	13.4
Berkshire Hathaway Inc	2.7
UnitedHealth Group Inc	2.4
Duke Energy Corp	2.3
Home Depot Inc/The	2.3
JPMorgan Chase & Co	2.3
Comcast Corp	2.3
Apple Inc	2.1
Bank of America Corp	2.0
Wells Fargo & Co	1.8

Sector Allocation



Portfolio Quality (%)



As of November 30, 2024

Source: Bloomberg. Duration statistics from Bloomberg will differ from LDI duration statistics due to quantitative methodology differences.

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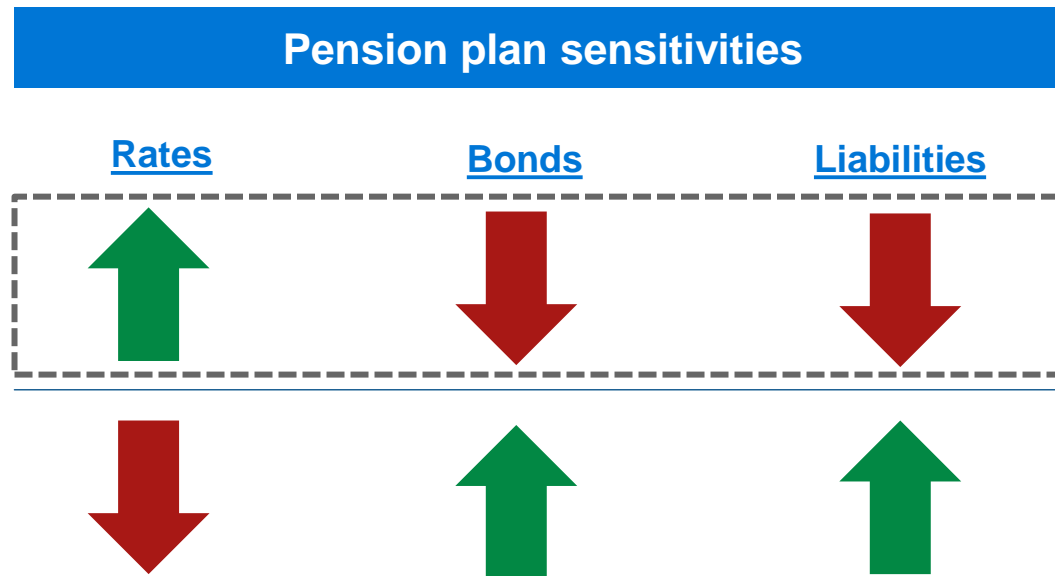
4 Presenter: LGIM America (Chris Wittemann and Grant Podolski)



Review: Rates, Bonds, and Liabilities characteristics

Asset allocation solutions and implementation services customized to client needs

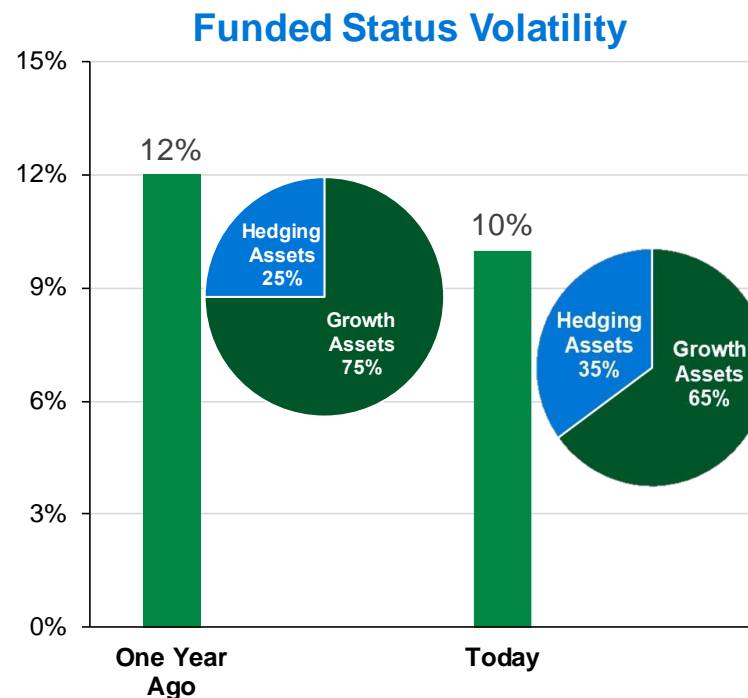
- Pension liabilities are similar to bonds in their exposure to interest rates
 - As interest rates rise, values fall (and vice versa)



- Liabilities are not investable
 - Pensions are not allowed to pay less than 100 cents on the dollar when a bond defaults
 - Pension discount rates include an “actuarial” credit spread

Reducing pension risk in 2024

- The Plan's **funded status** has improved over the last several years due to the recent strong market returns and higher interest rates
- The Plan has increased the allocation to **high quality fixed income assets** to match a higher portion of the liability prospectively and lock in these higher yields
- The Plan's future changes in funded status should be **less volatile** to changes in overall interest rates due to the higher allocation to fixed income assets



Source: LGIM America Calculations and capital market assumptions as of 09/30/2024.

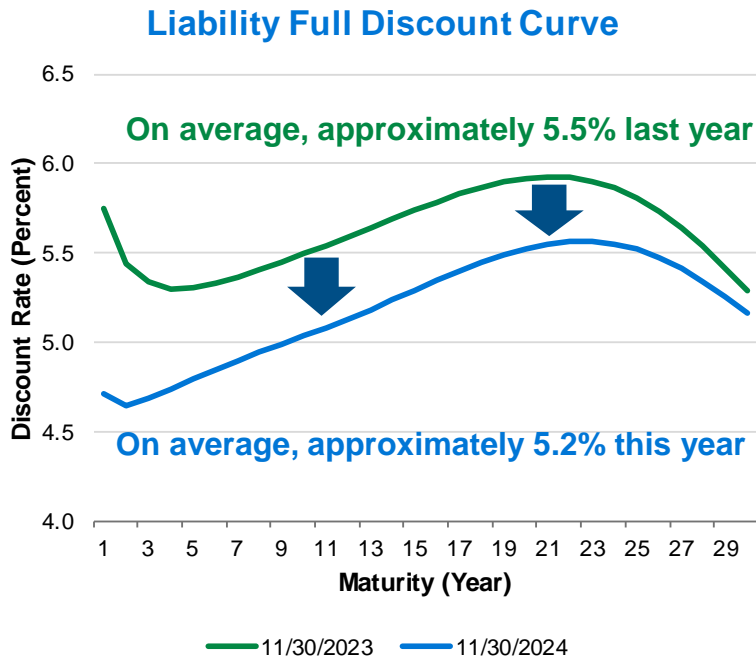
Date of Meeting: 01/23/2024

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6 Presenter: LGIM America (Chris Wittemann and Grant Podolski)

How a change in the discount rate impacts liability & fixed income

- The pension liability *and* the bond portfolio value will increase as the liability discount rate decreases, and vice versa.
- Over 2024, the liability and bond portfolio increased due to a 0.3% decrease in the discount rate.



Liability and Fixed Income Change due to Market Rates

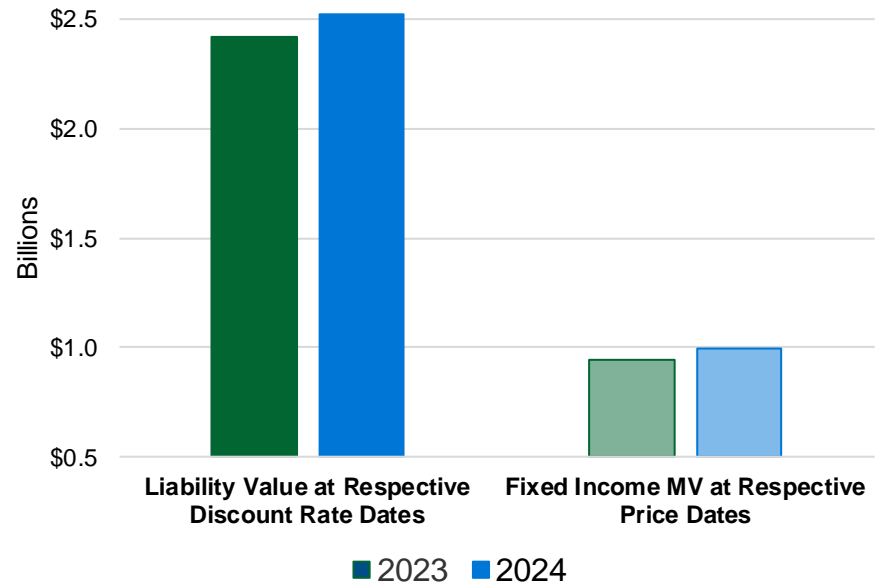


Chart depicted above is intended for illustrative purposes only.

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Name of Meeting: SRP Compensation Committee

Presenter: LGIM America (Chris Wittemann and Grant Podolski)

Valuation and performance summary – net of fees

As of November 30, 2024

	November 30, 2024
LGIMA Custom Credit portfolio	928,232,600
LGIMA Custom Treasury portfolio	70,298,146
LGIMA total portfolio	998,530,746

Performance Summary - Net of Fees	1 Year	3 Year	5 Year	Since Inception
SRP Fixed Income Portfolio (Net of Fee)	8.29%	-6.09%	-1.28%	2.25%
SRP Liability	9.59%	-5.96%	-1.18%	2.48%
<i>Relative to Liability (Net of Fee)</i>	<i>-1.30%</i>	<i>-0.13%</i>	<i>-0.10%</i>	<i>-0.23%</i>
Custom Investable Benchmark*	8.15%	-6.08%	-1.73%	1.83%
<i>Relative to Investable Benchmark (Net of Fee)</i>	<i>0.14%</i>	<i>-0.01%</i>	<i>0.44%</i>	<i>0.42%</i>

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*Asset performance is shown net of fees. Custom Investable Benchmark shown for illustrative purposes and is comprised of a dynamic basket of underlying Bloomberg indices that match the credit spread and interest rate exposure of the liability and better represents the investable universe than the Liability Benchmark.

**Liability benchmark is defined as the changes in the present value of the liability cashflows, discounted using the BofA Merrill Lynch A-AAA discount curve

***Since Inception: 4/30/2015.



Measuring the active management of credit bonds vs the benchmark

Comparing the credit bonds performance vs their market benchmark

Total performance summary	Basis points
Portfolio	910
Benchmark	878
Fees	-18
Relative performance	14

Attribution summary	Basis points
Yield Curve & Duration	-11
Asset Allocation	5
Security Selection	37
Fees	-18
Total	14

Key contributors to relative performance

Asset allocation: 5

Did we properly position sector weights to beat the benchmark?

Positive sector contribution			Negative sector contribution		
Sector	Relative position	Bps added	Sector	Relative position	Bps detracted
Technology	-	8	Treasuries	+	-9
Retail REITs	+	5	Healthcare	-	-4
Cash	+	2	Integrated Energy	+	-2
Banking	+	1	Brokerage/Asset Mgmt/Exch	-	-1

Security selection: 37

Did we choose the right individual bonds to beat the benchmark?

Positive issuer contribution			Negative issuer contribution		
Security	Relative position	Bps added	Security	Relative position	Bps detracted
JBS Holdings	+	7	Shell International	-	-3
Intl. Flavors and Fragrances	+	6	Bristol-Myers Squibb	-	-3
Truist Financial	+	5	Ameren	+	-2
Boeing Co	+	4	US Treasury	+	-2

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9 Date range: 11/30/2023 – 11/30/2024. Source: Bloomberg, LGIM America Calculations. Benchmark is the Bloomberg Long Corporate A or Better Index.



Top overweights / underweights

Top overweights across portfolios

JBS	Relative Val: +1	Rating: BBB-	Deleveraging
<ul style="list-style-type: none"> • Deleveraging: Upgraded internal rating following solid deleveraging and anticipated upside to other BBB food names – targeting 2x by end of year (ahead of schedule) – for comparison, Tyson at 3x. The desire to reduce gross debt resulted in tender offer - ratings stabilization is consensus expectation. • Fundamentals: Continue to improve despite US beef remaining weak – Q2 performed above consensus expectations. 			
Boeing	Relative Val: +2	Rating: BBB-	New CEO commitment to IG
<ul style="list-style-type: none"> • New CEO: Boeing named Kelly Ortberg CEO effective Aug 8th, should be viewed favorably. Over 30 years at Rockwell Collins/RTX, including the CEO at RC – checks boxes - outsider, mechanical engineering degree, operations background, etc. • Commitment: Boeing made several positive comments around the balance sheet and doing "whatever it takes" to preserve IG ratings. While the production drag, the possible strike, and large FCF burn are negatives over the next few months, we see improving production cycle and the equity backstop as favorable catalysts in the near term. • Upside catalyst: Boeing 2Q24 weak on lingering cash burn issues, but commentary during and post call suggests Boeing warming up to a potential equity offering. 			
PG&E	Relative Val: +1	Rating: BBB	Trading at discount
<ul style="list-style-type: none"> • Discount: PCG acknowledged it traded at a 20% discount to the group multiple which they believe will be addressed with another uneventful fire season and progress towards an IG rating. We would expect that the discount will narrow by the end of this year with another successful fire season supporting +1 view with additional catalyst from a potential announcement on DOE loan funding which would offset up to \$7B of expected issuance over the next several years. • Outlook: PCG continues to target 14 to 15% FFO Debt and is on positive outlook at Fitch and Moody's and upgrade at the Parent would benefit the secured FMBs of PCG. 			
Bristol-Myers Squibb	Relative Val: -1	Rating: A	Failure to show growth
<ul style="list-style-type: none"> • Strong Q2 but has consistently failed to show expected strength in growth pipeline • More exposed to M&A event risk than other related names • Also, some ESG issues with US Govt. / US Politics 			
Microsoft Corp	Relative Val: -1	Rating: AAA	Tight; Few catalysts
<ul style="list-style-type: none"> • No fundamental concerns at all • Simply a very rich RV with few upside catalysts. 			

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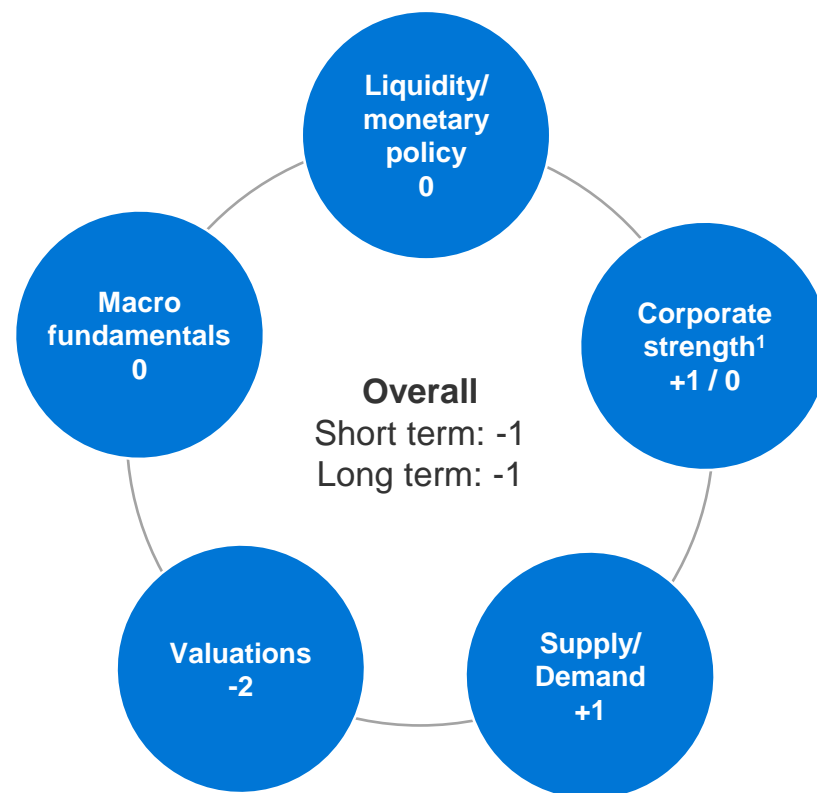
The above information represents the top largest overweight positions in the strategy based on the aggregate dollar value. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the representative account, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned. Top holdings excludes cash and cash equivalent positions.



Our economic outlook for fixed income, from -3 to +3

During the month of November, our strategy ranking was defensive at -1 short term and -1 long term

- Given absolute spreads of Long Credit are at their tightest level since 2000, risks are skewed to the downside. Our portfolios are roughly neutral with a meaningful defensive Treasury allocation.
- In terms of issuer selection, our strategic overweights include²:
 - Boeing, Warner Bros Discovery, JBS Foods USA, Pacific Gas and Electric, and SOLV



Strategic overweight	Strategic underweight
US SIFI Banks (Sr.)	Technology
Utilities (OpCo)	Sovereigns
Managed Care	P&C
Healthcare ex Managed	Hospitals

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As of November 19, 2024.

¹ Corporate strength rating is split between financials and non financials.

² The issuer overweights herein are based on the top 5 overweights in the Long Duration Credit composite. Specific securities identified and described do not represent all securities purchased or sold for the portfolio, and it should not be assumed that investment in these securities were or will be profitable, or that investment recommendations or decisions that the firm makes in the future will be profitable. Portfolio holdings are subject to change daily. There can be no assurance that securities purchased remain in the portfolio or that securities sold have not been repurchased. There is no guarantee these investments or portfolio strategies will work under all market conditions or are suitable for all investors and each investor should evaluate their ability to invest over the long-term, especially during periods of increased market volatility. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned. LGIMA rankings are based on a -3 (maximum underweight) to +3 (maximum overweight) scale.

Appendix: ESG Integration and Bios

Date of Meeting: 01/23/2024

Name of Meeting: SRP Compensation Committee

Presenter: LGIM America (Chris Wittemann and Grant Podolski)



ESG at LGIMA – Focused on three basic fundamentals



Stewardship

- Engaging with some of the world's largest companies, driving change and raising standards
- Embracing positive corporate stewardship by actively voting proxies to promote sustainable business activities

Solutions

- Designing solutions that reflect clients' investment goals and values
- Using LGIM's analytical expertise to construct portfolios that reflect a client's preference for certain investment themes

Integration

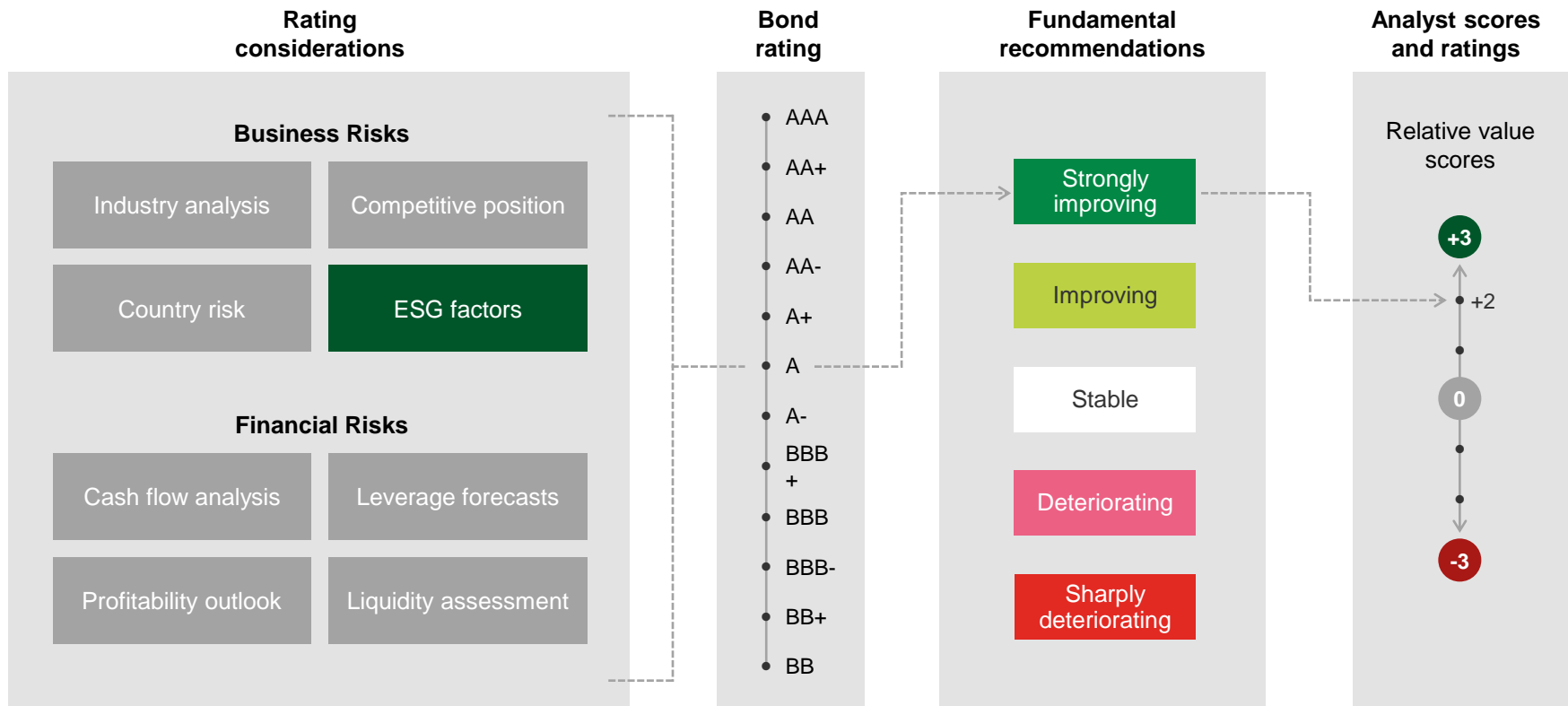
- Incorporating ESG factors into company and security valuation
- Ensuring a security's value adequately compensates for ESG risks/opportunities as they relate to the probability of default

Investment grade fixed income ESG integration

Credit analysts explicitly incorporate ESG considerations into their fundamental analysis, particularly as the importance of sustainability increases in the marketplace.

Risk factors are not weighted equally in each investment decision and can be influenced by security-specific features (maturity, covenants, etc.) as well as issuer specific characteristics (industry, country of domicile, etc.).

Research example



Absent client investment guidelines to the contrary, ESG considerations are not dispositive to the investment recommendations and decisions of fixed income credit and research analysts and portfolio managers. Different analysts and portfolio managers may take different views on, and/or differently integrate, ESG considerations within the portfolios they manage.

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ESG research integration

ESG view is a proprietary tool that collates and synthesizes ESG-related data

Active View and Engagement platform

ACTIVE ESG

AVERAGE
5.7/10

Outlook: Stable
UN Global Compact Compliant
Peer group: Oil & Gas: Integrated

Comparison to peers

Country of domicile

Company description
BP is an integrated oil and gas company, generating revenue by selling hydrocarbons to the market and through its downstream segment. The company operates in more than 80 countries, with upstream activities in 27 of them. BP's reserve base is almost equally distributed between oil and gas, but production has a bias for oil, which represented around 57% of production in 2014. BP considers deepwater offshore as a strength area and wants to pursue further expansion of such reserves. The company is also set to consolidate its presence in the unconventional gas business worldwide. BP's 19.75% stake in Rosneft represents 36% of BP's proven reserves and around 28% of the company's annual production. This shareholding gives BP exposure to controversial Arctic offshore operations for which BP has no operational control. Additionally, revenues derived from its Rosneft shares are unstable as a result of political tensions that have led to sanctions imposed on the Russian oil sector.

LGIM ACTIVE ESG VIEWS

Environmental Indicators	Weight	Score	Social Indicators	Weight	Score	Governance Indicators	Weight	Score
Products	15%	3.1	Products	10%	No Data	Board Robustness	30%	6.5
Carbon Emissions	45%	6.7	Labour	20%	5.5	Investor Rights	20%	7.5
Water & Waste	10%	4.3	Health & safety	25%	10.0	Audit	15%	9.7
Supply chain	10%	3.8	Community	10%	5.0	Disclosure & policies	15%	7.4
Environmental policies & controls	20%	10.0	Supply chain	10%	6.3	Remuneration	10%	No Data
			Bribery & Corruption	25%	10.0	Tax Transparency & Lobbying	10%	7.5
Raw score (relative to peers)	Strong	6.3	Raw score (relative to peers)	Very strong	8.0	Raw score	Strong	7.5
Sector range for Oil & Gas: Integrated		0 to 5	Sector range for Oil & Gas: Integrated		4 to 9	Exposure to Sensitive Countries		-0.3
Sector adjusted score	Weak	3.1	Sector adjusted score	Very strong	8.0			
Environmental Fines & Penalties		-1.0						
Operations Incidents		-1.0						
LGIM analyst adjustments	No adjustments		LGIM analyst adjustments	No adjustments		LGIM analyst adjustments	No adjustments	
View: E	Weak	2.1	View: S	Very strong	8.0	View: G	Strong	7.3
Current vs Average RepRisk Index		+0.8	Current vs Average RepRisk Index		+0.6	Current vs Average RepRisk Index		+0.2
Current vs Peak RepRisk Index		+0.1	Current vs Peak RepRisk Index		+0.1	Current vs Peak RepRisk Index		+0.0
RepRisk Index Trend		+0.2	RepRisk Index Trend		+0.1	RepRisk Index Trend		+0.0
						Votes against Governance		-1.0
LGIM analyst adjustments	No adjustments		LGIM analyst adjustments	No adjustments		LGIM analyst adjustments		
Outlook: E	Stable	+1.1	Outlook: S	Stable	+0.8	Outlook: G	Stable	-0.7
Input quality: E		High data quality	Input quality: S		Medium data quality	Input quality: G		Medium data quality

DRIVERS

Top negative contributors: E	Score	Top negative contributors: S	Score	Top negative contributors: G	Score
Carbon Intensity Trend	0.0	Employee turnover	0.0		
Stranded carbon risk	2.9	Indigenous Rights Policy	0.0		
GHG Reduction Programme	3.3	Discrimination Policy	3.3		
Top positive contributors: E	E	Top positive contributors: S	S	Top positive contributors: G	G
Carbon Intensity	10.0	LTIR Trend	10.0	Investor protection in country of domicile	7.5
Carbon disclosure	10.0	Exposure to countries with high corruption risk	10.0	Board Independence	7.0
Exposure to geographies with weak environmental regulation	10.0	Unionisation	7.5	Strength of Auditing in country of domicile	9.4

LGIM ENGAGEMENT

Climate Impact Pledge

LGIM is engaging with BP p.l.c. under the Climate Impact Pledge. Key asks are as follows:

1. Companies should demonstrate the existence of appropriate governance frameworks in place to support the integration of climate change considerations in company strategy. We expect Boards to have ultimate oversight of climate change.
2. Evidencing of a company strategy on climate change, which takes into account both associated risks and opportunities.
3. Companies should describe the risk management frameworks in place to manage climate change
4. Companies should be disclosing the types of scope 1, 2 and 3 emissions that are the most relevant/material for the sector, in addition to associated reduction targets.

KEY ESG RISKS

Emissions, Emissions and Water

Pollution releases from deepwater operations in the Gulf of Mexico have resulted in costly cleanups and compensation amounting to more than USD 40 billion. Exposure for BP remains high, as five of its fourteen major upstream projects are deepwater and the company has projected growth of these activities worldwide. BP has shown that it learned lessons from the Macondo incident by implementing a companywide approach to well management and emergency preparedness that clearly mitigates the risk of similar events occurring in the future.

Carbon - Own Operations

While the company has the lowest exposure to carbon-intense oil sands operations of all the oil majors, BP's production mix contains less natural gas. Therefore, BP is also highly exposed to business risk from expected carbon regulations spurred by climate change. BP aims to manage its operational GHG emissions through energy efficiency, reductions in flaring and venting, and by factoring a carbon cost into its investment appraisals and the engineering design of new projects. The company states that GHG emissions regulations are a factor that it expects to affect its business more in the future and has a clear commitment to engage with civil society including investors on how to address carbon risk.

1 Gather and synthesize data from both external data providers and proprietary analysis

2 Enrich investment analysis and utilize findings for more impactful issuer engagement

3 Disseminate high conviction recommendation across the investment team via the Active View Tool

Biographies



Chris Wittemann, CFA, FSA, CERA, Head of Client Strategy

Chris Wittemann is the Head of Client Strategy at LGIM America. In his role, he leads our client engagement focusing on that we meet client expectations, listen for opportunities/challenges and evolve our firm's solutions to successfully achieve clients' long-term objectives. He also focuses on investment research and thought leadership to enhance LGIM America's ability to provide innovative solutions to our clients into the future.

Chris joined LGIM America in 2012. Prior to joining LGIM America, Chris was a Senior Investment Consultant at Towers Watson where he helped his clients implement their investment strategy within their context. Prior to Towers Watson, Chris worked at Gofen & Glossberg and Thomas White International.

Chris earned a BA in Mathematics from Cornell University and an MA in Applied Mathematics from The University of Chicago. He is a CFA charterholder, Fellow of the Society of Actuaries (FSA) and Chartered Enterprise Risk Analyst (CERA). Chris also holds a Series 3 license registered with the NFA.



Grant Podolski, CFA, CAIA, Client Strategist

Grant Podolski is a Client Strategist at LGIM America. In his role, he focuses on client engagement and ensuring our custom investment solutions continue to successfully achieve clients' long-term objectives.

Grant joined LGIM America in 2020 as a Senior Strategy Associate. Prior to LGIM America, Grant was a Manager, Client Services at NISA Investment Advisors, LLC. During his tenure, he specialized in implementing and managing Liability Driven Investing and derivative overlay strategies for public and defined benefit pension clients. In addition, he's held various Analyst positions at the firm.

Grant earned a BS in Business Administration from Saint Louis University. He is a CFA charterholder, Chartered Alternative Investment Analyst (CAIA) and holds a Series 3 license registered with the NFA.

Disclosures

Disclosure

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SRP Employees' Retirement Plan Actuarial Update

Compensation Committee | January 16, 2025

Chalese Haraldsen, Assistant Treasurer

Agenda

- Actuarial Valuation Process
- Review Plan Demographics
- Review Plan Funded Status

Actuarial Valuation Process

Objective: To ensure benefits can be paid to those who have earned them

1

SRP and CAPTRUST Provide Inputs:

- Plan Assets
- Participant Demographics
- Certain Assumptions

2

WTW Performs Actuarial Analysis / Valuation:

- Liabilities
- Funding Requirements
- Accounting Standards & Rules
- Legislation

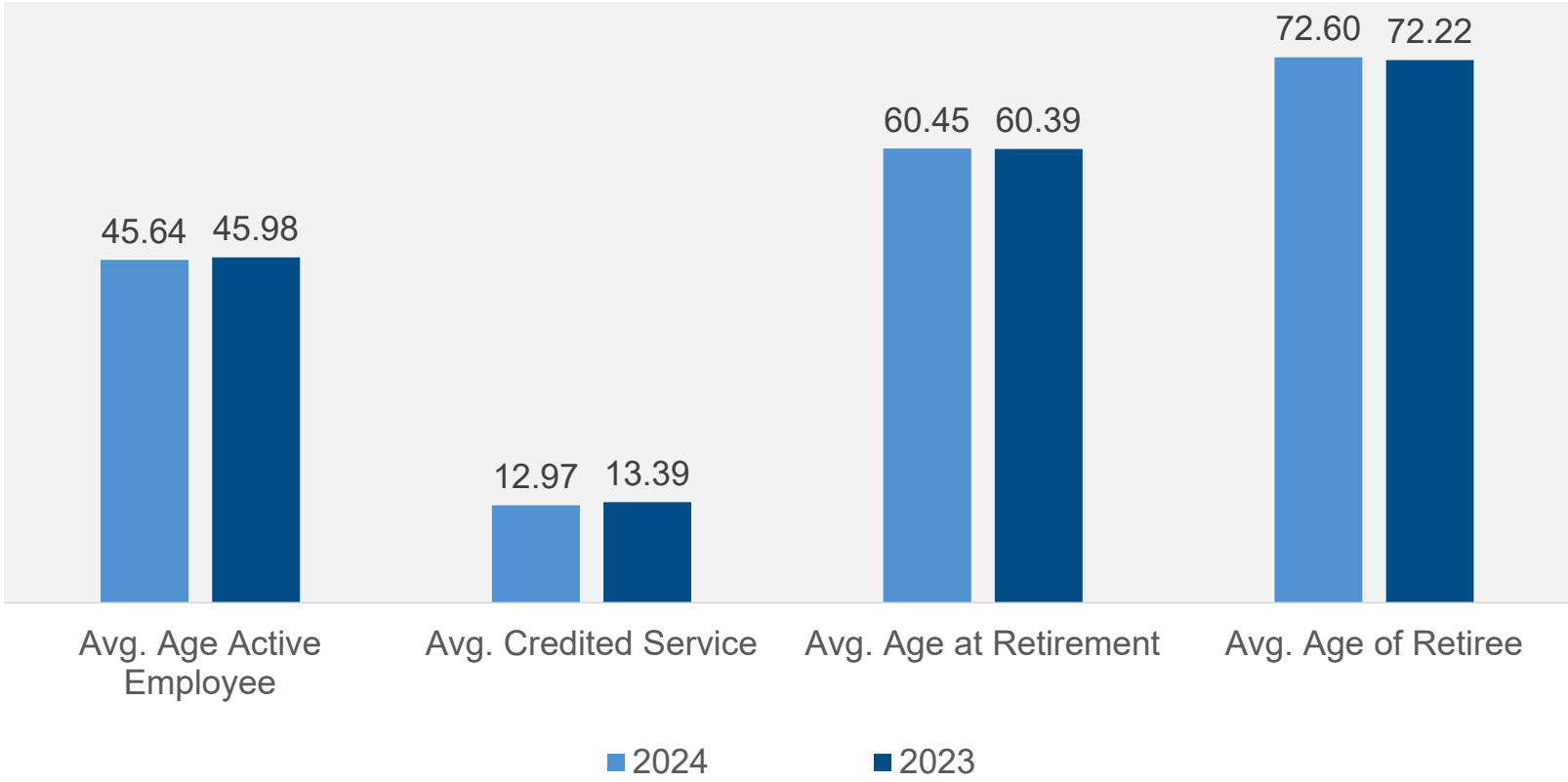
3

Independent Review and Assessment:

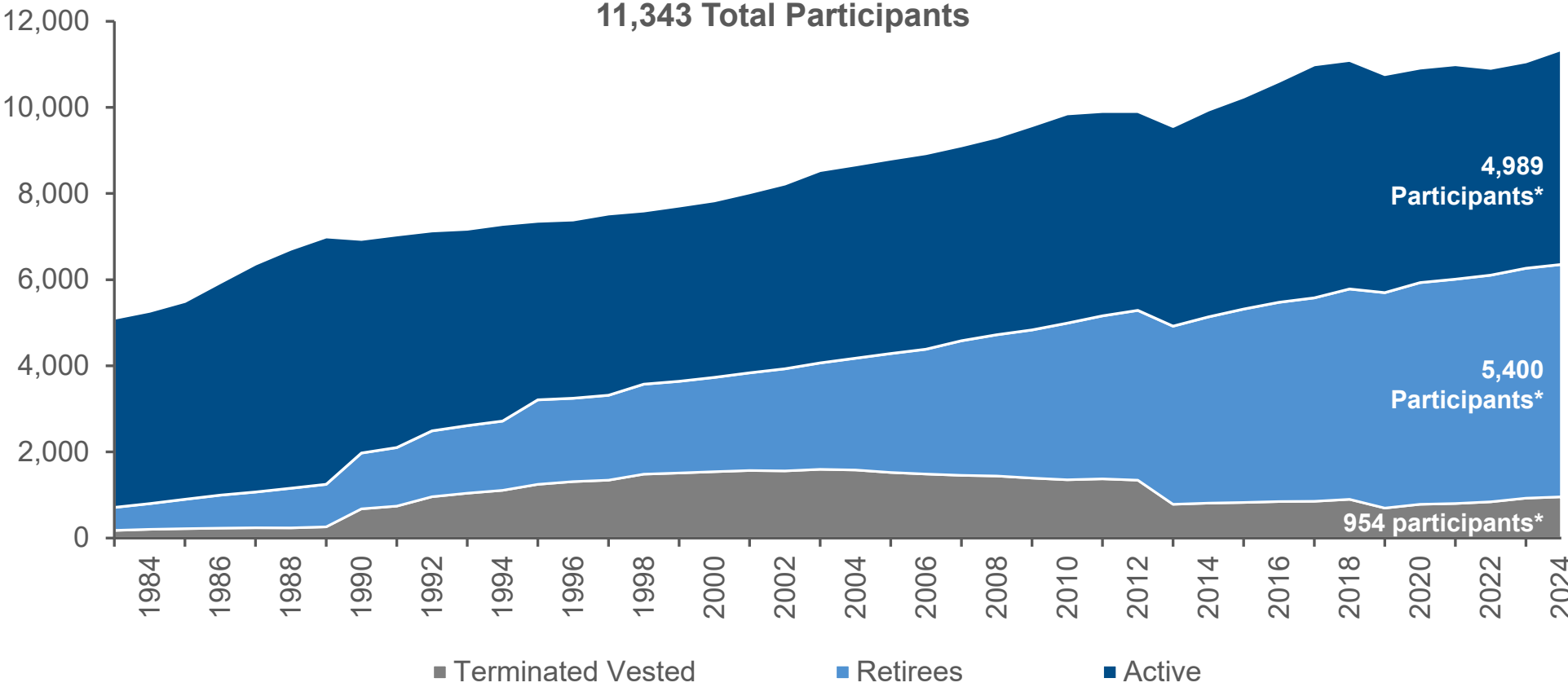
- Plan's Financial Health
- Regulatory Requirements

Plan Demographics

11,343 Total Participants



Plan Demographics



* Source: WTW IRS Valuation Report Participant data as of 1/1/2024

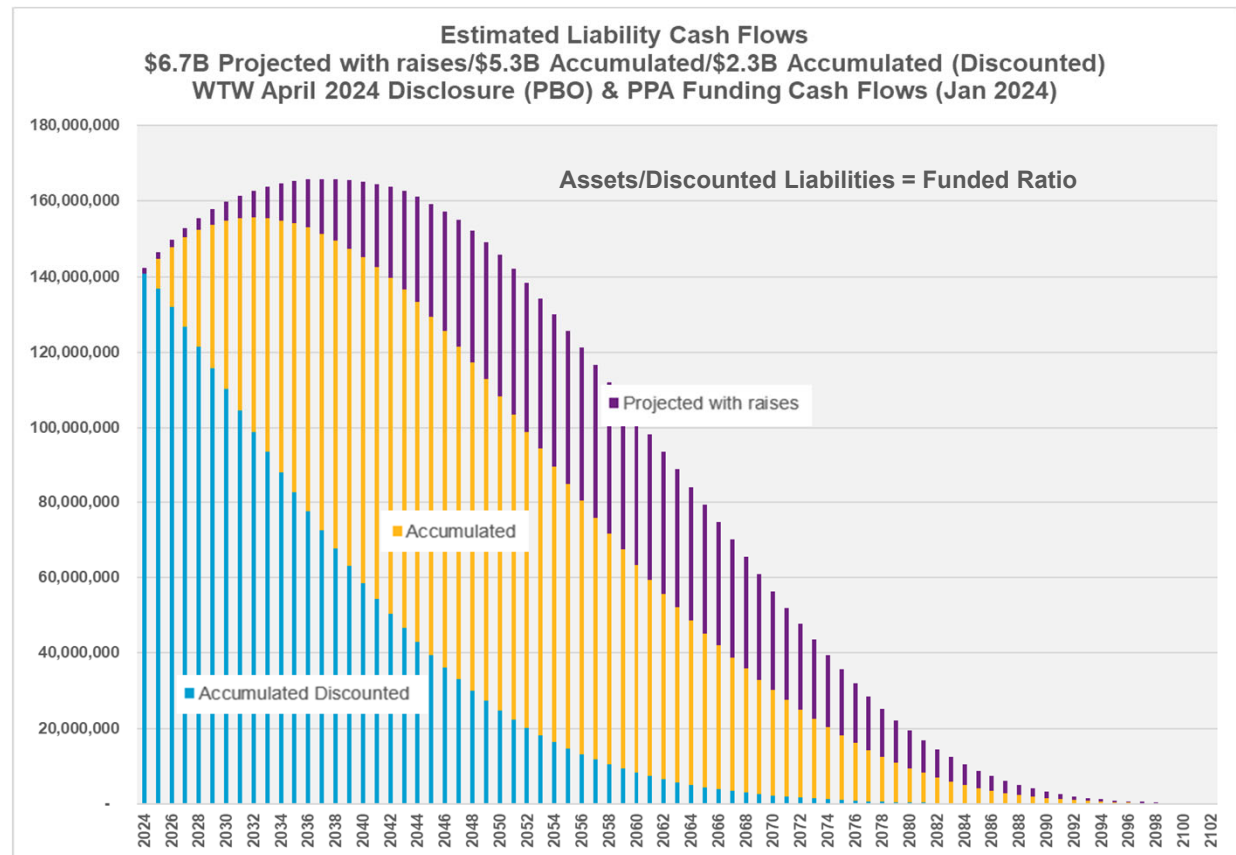
Annual Pension Benefit Payments (Snapshot in Time - No New Participants)

Participant Characteristics

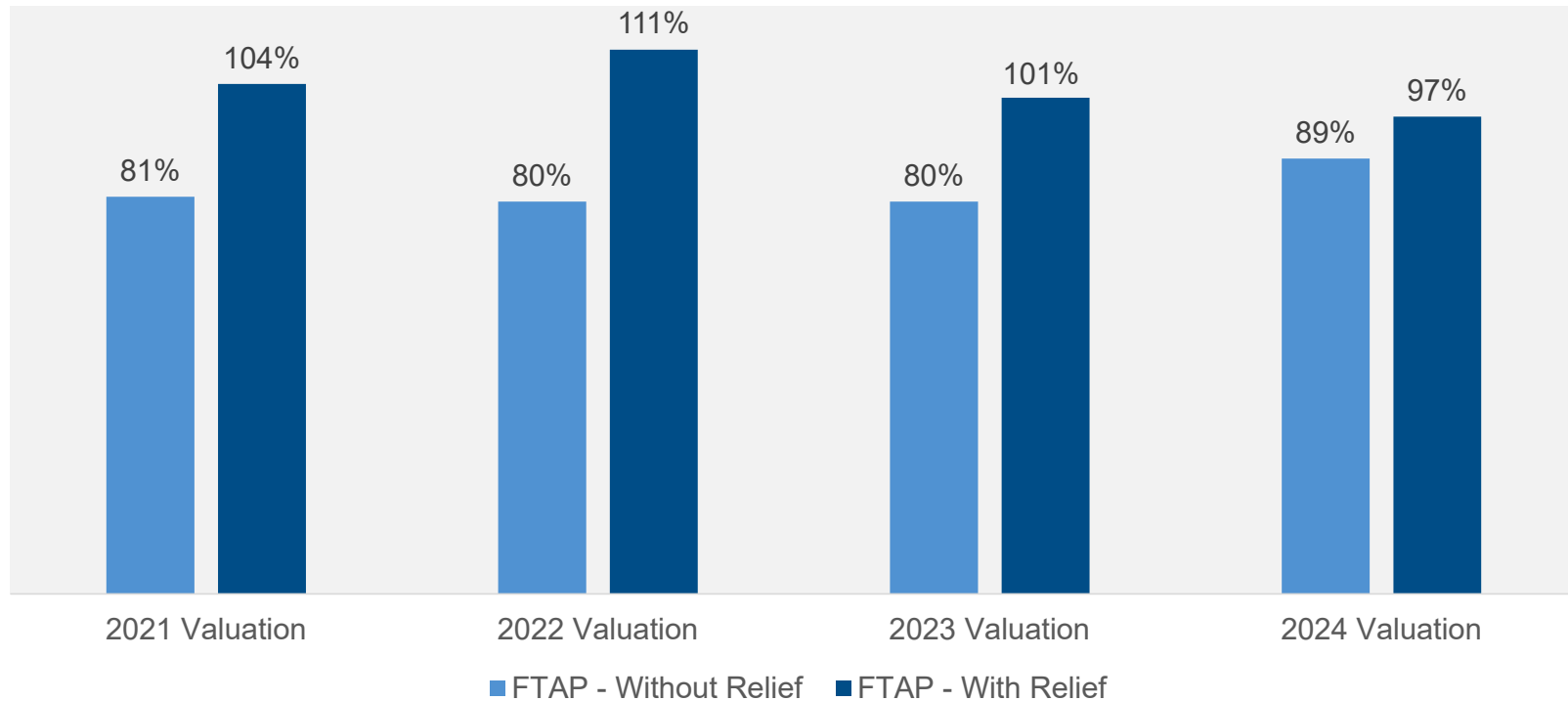
- Active / Retired / Term Vested
- Demographics
 - Age
 - Gender
 - Years of Service
 - Salary

Actuarial Assumptions

- Mortality
- Retirement Age
- Salary Growth Rate
- Termination Rate



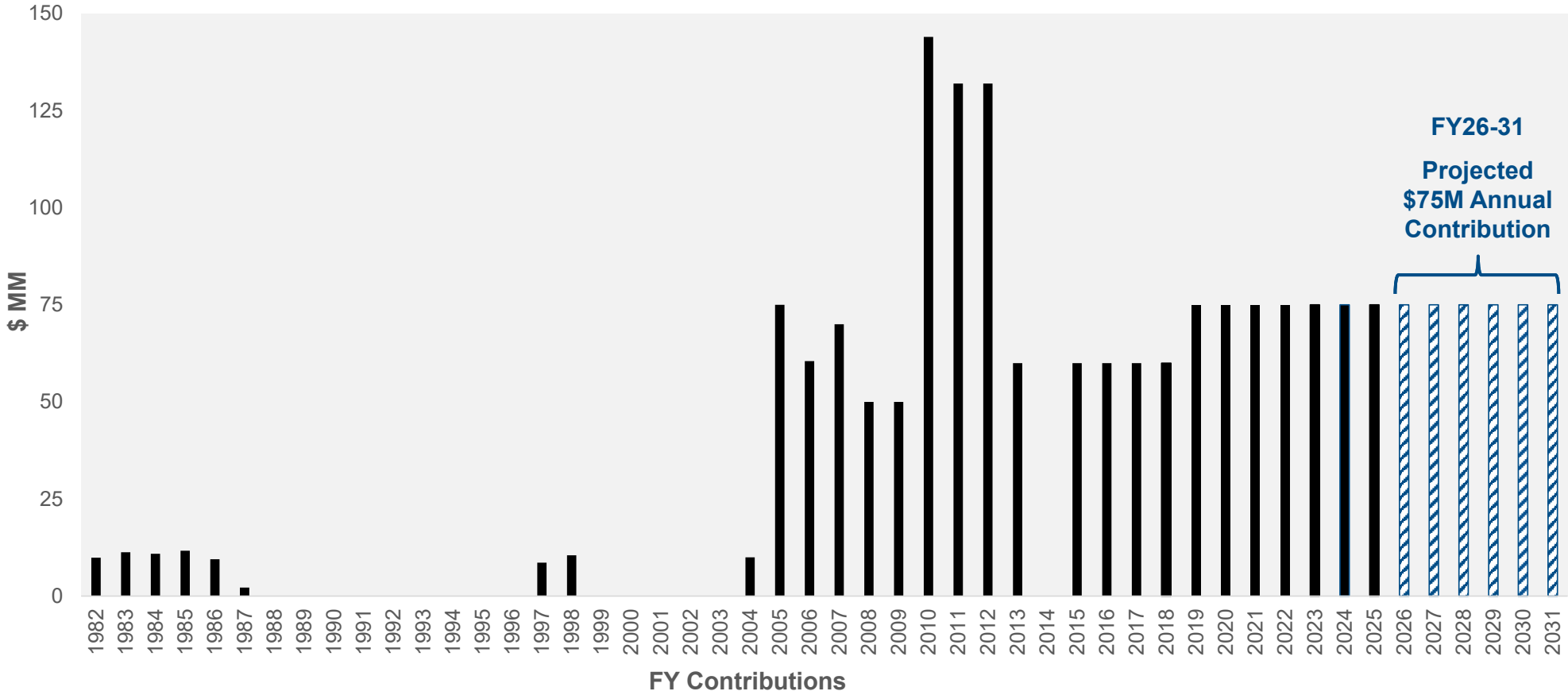
IRS Funded Status History (For Plan Years Beginning January 1)



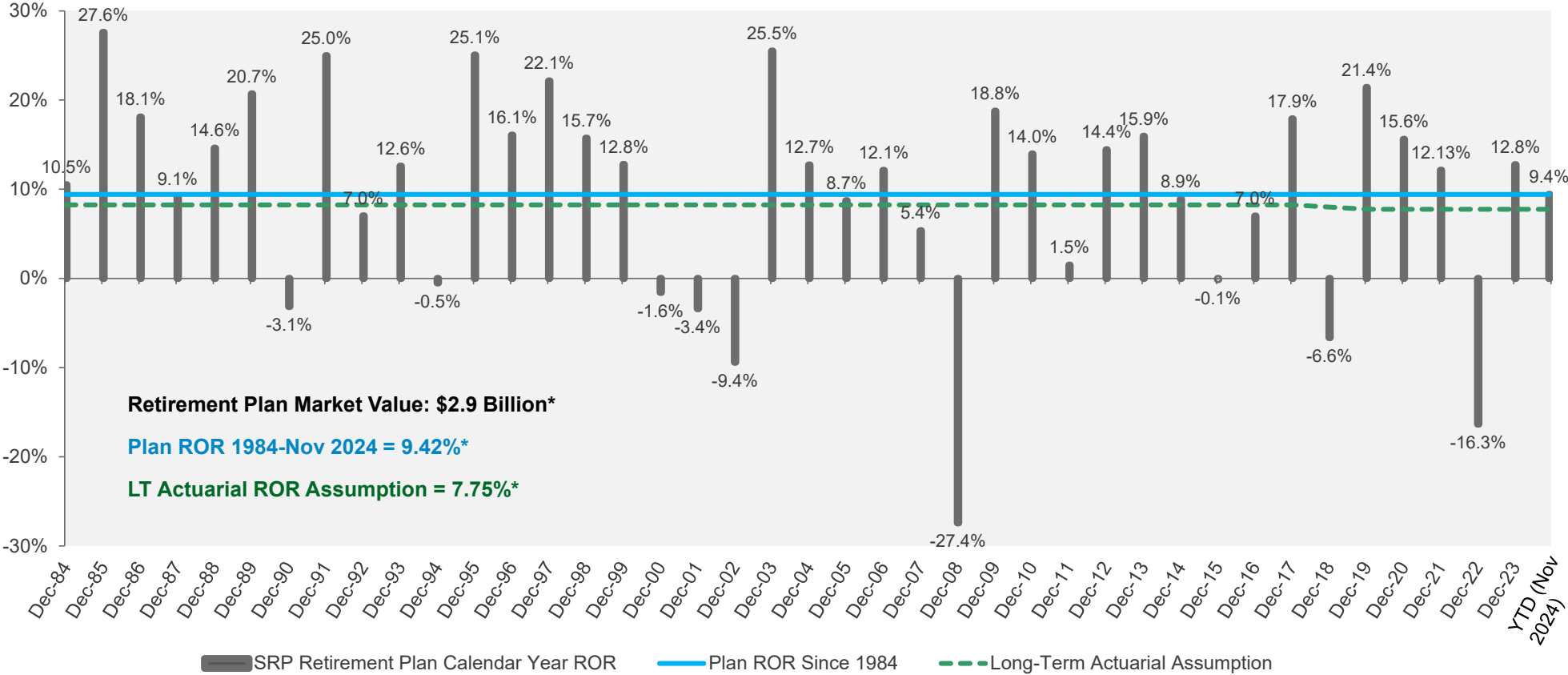
Funding Target Attainment Percentage (FTAP) is used for funding calculations & reporting requirements

Source: Annual Funding Notice and WTW IRS Valuation Report

Retirement Plan Funding History



Retirement Plan Historical Returns



* Preliminary as of November 30, 2024. The Plan's long-term actuarial ROR Assumption was previously 8.25% and 8.0%; ROR lowered to 7.75% in 2019.

Q&A

