

**Appendix – Implementation Statement**

# The Infineum UK Pension Plan

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## Implementation Statement

for the year ended 31 March 2022

This document is the Annual Implementation Statement ("the statement") of the Infineum UK Pension Plan (the "Plan"), covering the period 1 April 2021 to 31 March 2022 (the "plan year"). It has been prepared by the Trustee of the Plan. The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustee, the Scheme's Statement of Investment Principles ("SIP") required under section 35 of the Pensions Act 1995 has been followed during the year
- detail any reviews of the SIP the Trustee has undertaken, and any changes made to the SIP over the year as a result of the review
- describe the voting behaviour by, or on behalf of, the Trustee over the year.

A copy of this implementation statement will be/has been made available on the following website – <https://www.infineum.com/en-gb/infineum-documents-hub/infineum-uk-pension-plan/infineum-uk-pension-plan-documents/>

### **Review of, and changes to the SIP**

The Statement of Investment Principles ("SIP") was reviewed in November 2020 to ensure alignment with legislative requirements which came into force in 2020 in relation to the Trustee's arrangements with asset managers and how these are evaluated. There have been no subsequent changes to the SIP.

### ***Adherence to the SIP***

The Trustee believes the SIP has been followed during the plan year except where noted and the justification for this is set out in this section.

The Trustee's investment policy is to invest in a suitably balanced mix of fixed income and equity securities, taking into consideration the suitability of investments and the strength of the covenant provided by Infineum UK Limited. The Trustee has elected to invest in passive index-tracking funds for each asset class, which ensures that the Plan avoids undue concentration in particular companies, industries or countries beyond their market weights. Prior to investing in a fund, the stated aim of that fund is reviewed by Exxon Mobil Corporation Treasurer's Benefits Finance & Investment division ("BF&I"), as the Trustee's investment advisor, to ensure the fund aligns with the Trustee's policy of acting in the best financial interests of the participants. The investment policy did not change during the plan year.

It is established practice for the Trustee to share the SIP with its investment managers when any changes are made, or on an annual basis at least. The SIP was shared with investment managers in November 2020. In all cases, the investment managers confirmed in writing that they understand and acknowledge the SIP and its guidelines.

As well as sharing the SIP with investment managers, the Trustee monitors the performance of its investments throughout the year. During the plan year, it reviewed fund performance each quarter. In addition, BF&I, as the Trustee's investment advisor, carries out quarterly checks of funds' performance versus benchmark, the asset allocation versus target and tracking error.

The target mix of fixed income and equities remained at 70% / 30% respectively during the plan year. During the plan year a very small percentage of the asset portfolio did not align with the Trustee's preference for passive-index tracking funds. This comprised the Aberdeen Eurozone Property Fund of Funds. This real estate fund is a legacy of a previous asset allocation strategy. The fund has been in liquidation for some time, with the final distribution being paid into the Plan on 31 March 2022

The plan's assets were rebalanced back to their target weightings on a quarterly basis (February, May, September and November) consistent with the rebalancing guidance in Appendix II of the SIP.

During the plan year the Trustee remained satisfied that the approach taken by its investment managers continued to be aligned with its objectives. The Trustee continues to believe that investing in passive index-based funds produces the best financial outcome for plan participants in the long term.

### ***Voting and Engagement with Investment Managers***

The Scheme's equity investments are in funds which track global passive, market-capitalisation based indices. These funds do not give participants direct voting access to the companies in which they are invested. Therefore the Trustee relies on its Investment Managers to represent their best interests when voting proxy items. The Trustee believes that its investment managers are well placed to do this based on their voting and engagement principles and their acceptance of the terms of the Plan's SIP. The Trustee has confidence in its investment managers to conduct high quality analysis on the companies for which it casts votes, to engage constructively with those companies, and to cast votes accordingly in alignment with the best financial interests of plan members.

BF&I manages the global relationship with BlackRock, and maintains a close relationship with them, with at least one formal stewardship meeting per year and countless less formal interactions in the course of everyday business. During the plan year stewardship meetings were held in June and September with the BlackRock US and UK/European representatives respectively. BlackRock provides detailed explanations of their approach to stewardship of their investments on its website: <https://www.blackrock.com/corporate/about-us/investment-stewardship#our-responsibility>

BF&I is satisfied that the information provided on BlackRock's website, together with its engagement with BlackRock management, demonstrates that BlackRock is acting in the best financial interests of the fund participants for the funds in which the Trustee invests.

BlackRock provides information on its engagement and voting for the MSCI ACWI IMI Index Fund B and the corporate bond fund in which the Plan's assets are invested BlackRock's 2021 engagement summary for this fund is shown in Appendix A. In addition, BlackRock publishes vote bulletins on its website (<https://www.blackrock.com/corporate/about-us/investment-stewardship#our-responsibility>) detailing their approach for those votes which BlackRock deems most significant.

## APPENDIX A

### BlackRock Engagement Summaries

#### 1 January 2021 to 31 December 2021

This data has been provided by BlackRock and is reproduced in this report with their permission. This data has not been independently verified by the Trustee and the Trustee makes no warranty, representation or promise as to its accuracy, completeness or reliability. The Trustee and its affiliates and their respective directors, officers and employees accept no responsibility and will not be liable for any errors or misrepresentations in this data.

BlackRock provides information on its engagement and voting for two funds in which the Plan's assets are invested:

- MSCI ACWI IMI Index Fund B, which comprised 30% of the Plan's assets at 31 December 2021
- Aquila Life Corporate Bond Index Fund Over 15 Years ("Bonds >15Y"), which comprised 35% of the Plan's assets at 31 December 2021

	MSCI ACWI IMI		Bonds > 15Y	
	Number	%	Number	%
Total companies in portfolio (as of 31-12-2021)	9290		150	
Total company engagements	3,364		88	
Number of individual companies engaged	2,094	23%	31	21%
Number of companies with multiple engagements	739	35%	25	81%
(of individual companies where we held multiple engagements over the course of the reporting period)				
<b>Engagements by region*</b>				
Americas	1409	42%	32	36%
EMEA	973	29%	56	64%
APAC	982	29%	0	0%
<b>Engagement themes*</b>				
Governance	2892	86%	64	73%
Social	1192	35%	29	33%
Environmental	2263	67%	69	78%
<b>Engagement topics*</b>				
E- Climate Risk Management	1637	49%	44	50%
E- Environmental Impact Management	705	21%	13	15%
E- Operational Sustainability	1334	40%	37	42%
S- Human Capital Management	925	27%	22	25%
S- Social Risks and Opportunities	588	17%	19	22%
G- Board Composition & Effectiveness	1592	47%	28	32%
G- Business Oversight/Risk Management	871	26%	17	19%
G- Corporate Strategy	1340	40%	31	35%
G- Executive Management	474	14%	15	17%
G- Governance Structure	858	26%	9	10%
G- Remuneration	1120	33%	34	39%

\*Engagements include multiple company meetings during the year with the same company. Most engagement conversations cover multiple topics and are based on our vote guidelines and our engagement priorities found here: <https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-priorities>

Engagement is not one conversation. We have ongoing private dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we stand ready to vote against proposals from management or the board. During the reporting period ending December 31, 2021, our stewardship team held over 3,600 engagements in more than 55 markets to discuss governance practices and the sustainability of a company's business model. Please read more in our 2021 Annual Stewardship Report found here <https://www.blackrock.com/corporate/about-us/investment-stewardship#stewardship-reports>

### Global Principles

BlackRock's approach to corporate governance and stewardship is detailed in our Global Principles. These high-level Principles are the framework for our more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. The Principles describe our philosophy on stewardship (including how we monitor and engage with companies), our policy on voting, our integrated approach to stewardship matters and how we deal with conflicts of interest. These apply across different asset classes and products as permitted by investment strategies. BlackRock reviews our Global Principles annually and updates them annually to reflect in market standards, evolving governance practice and insights gained from engagements over the prior year. Our Global Principles available on our website at <https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>.