

The Infineum UK Pension Plan

Implementation Statement

June 2021

Implementation Statement for the year ended 31 March 2021

This document is the Annual Implementation Statement (“the statement”) of the Infineum UK Pension Plan (the “Plan”), covering the period 1 April 2020 to 31 March 2021 (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 is available on the following website – <https://www.infineum.com/en-gb/infineum-documents-hub/infineum-uk-pension-plan/infineum-uk-pension-plan-2021/>

Review of, and changes to the SIP

The Statement of Investment Principles was reviewed in November 2020 to ensure alignment with new legislative requirements coming in to force on 1 October 2020 in relation to the Trustee’s arrangements with asset managers and how these are evaluated.

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 ExxonMobil’s Benefits Finance & Investment group (“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 2020.

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. In 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 is in liquidation and comprises a negligible proportion of the plan's assets. The Trustee does not intend to commit further funds to Aberdeen. When the divestment proceeds are received, they will be invested in passive, index-tracking assets.

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. In 2020 meetings were held in July 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. As at 31 March 2021, this fund comprised 30.9% of the Plan's assets. BlackRock's 2020 engagement summary for this fund is shown in Appendix A. In addition, BlackRock publishes vote bulletins on its website (Investment Stewardship | BlackRock), detailing their approach for those votes which BlackRock deems most significant.

APPENDIX A

Engagement Report for: BlackRock MSCI ACWI IMI Index Fund B

1 January 2020 to 31 December 2020

Portfolio covered: ACWIMIB		
Total companies in portfolio (as of 12-31-2020)		8,935
	Number	%
Total company engagements	2,990	
Number of individual companies engaged	1,851	21%
Number of companies with multiple engagements (of individual companies where we held multiple engagements over the course of the reporting period)	651	35%
Engagements by region*		
Americas	1388	46%
EMEA	719	24%
APAC	883	30%
Engagement themes*		
Governance	2786	93%
Social	1250	42%
Environmental	1708	57%
Engagement topics*		
E- Climate Risk Management	1300	43%
E- Environmental Impact Management	752	25%
E- Operational Sustainability	1210	40%
S- Human Capital Management	996	33%
S- Social Risks and Opportunities	709	24%
G- Board Composition & Effectiveness	1480	49%
G- Business Oversight/Risk Management	1012	34%
G- Corporate Strategy	1443	48%
G- Executive Management	424	14%
G- Governance Structure	821	27%
G- Remuneration	1110	37%

*Engagements include multiple company meetings during the year with the same company. Most engagement conversations cover multiple topics and are based on BlackRock's vote guidelines and engagement priorities found here:

<https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-priorities>

BlackRock states:

"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. Please read more in our 2020 Sustainability Report found here:

<https://www.blackrock.com/corporate/literature/publication/our-commitment-to-sustainability-full-report.pdf>

and our quarterly and annual stewardship reports found here

<https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history>

BlackRock's approach to corporate governance and stewardship is detailed in our Global Corporate Governance and Engagement 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 Corporate Governance & Engagement Principles annually and updates them as necessary to reflect in market standards, evolving governance practice and insights gained from engagement over the prior year. Our Global Corporate Governance & Engagement Principles available on our website at <https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>.”