

# **STATEMENT OF FUNDING AND INVESTMENT PRINCIPLES**

## **FOR**

### **EXXONMOBIL PENSION PLAN**

#### **1. INTRODUCTION**

This document constitutes the written statement of the principles governing decisions about funding and investments for the ExxonMobil Pension Plan (“the Plan”). It has been prepared by ExxonMobil Pension Trust Limited (“EMPTL”), the Trustee of the Plan.

It focuses on the Defined Benefit (“DB”) assets, but where additional Defined Contribution (“DC”) requirements apply (from the Pensions Regulator’s Code of Practice and the DWP’s minimum governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015), EMPTL’s policies and objectives for these are clearly identified.

In creating this document, advice was sought from Willis Towers Watson, the actuary of the Plan. Esso Petroleum Company, Limited (“EPCo”), ExxonMobil Chemical Limited and International Marine Transportation Limited (together, the “member companies”), were consulted on the components comprising the Investment Principles. Components comprising the Funding Principles have been agreed between the Trustee and EPCO, the plan’s principal employer. EMPTL will review this document every year.

#### **2. LEGISLATION**

In preparing this document EMPTL has had regard to the requirements of the UK Pensions Acts and associated regulations. The Pensions Act 2004 defines the Statutory Funding Objective whereby the Plan must have sufficient and appropriate assets to cover its Technical Provisions.

#### **3. FUNDING PRINCIPLES**

##### ***Funding Requirements***

The Trustee’s current policy is that full actuarial valuations are completed triennially to determine the Plan’s Technical Provisions. If a shortfall in funding is identified, EMPTL will work with the member companies to put in place an appropriate recovery plan to return to full funding. In the intervening years between full valuations, valuation updates are completed for information purposes, but there is no obligation for the member companies to fund any deficits which are identified. The Trustee may request a full actuarial valuation at any time if concerns over the funding level arise.

The Technical Provisions assumptions for the Plan are detailed in Appendix A.

##### ***Period within which a failure to meet the Statutory Funding Objective is to be rectified***

EMPTL and the member companies have agreed that any shortfall against the Plan’s Statutory Funding Objective, which is identified at an actuarial valuation, should normally be eliminated within the year, and no later than 24 months of valuation date. This commitment is reviewed annually and renewed unless exceptional circumstances prevail.

##### ***Contributions***

The level of contributions for each member company will be determined by EMPTL at each full actuarial valuation having taken actuarial advice, and will be agreed by the member companies. When there is a funding surplus, EMPTL and the member companies may agree that the payment required in respect of contributions will be met from the surplus, rather than paid into the Plan.

### ***Policy on discretionary increases***

Discretionary increases to current and deferred pensions are granted by the member companies from time to time. No allowance is made for any such future increases within the calculations of the Technical Provisions. When granted, the actuary will determine the value of the additional benefits using assumptions consistent with those adopted for the calculations of the Technical Provisions as at the most recent actuarial valuation, and the member companies will make a payment to the Plan to eliminate any shortfall against the Technical Provisions that is considered to result from the discretionary increase. When there is a funding surplus, EMPTL and the member companies may agree that the payment required in respect of any discretionary increase awarded will be met from the surplus, rather than paid into the Plan.

### ***Guarantee***

In addition to cash funding, EMPTL has a guarantee from Ancon Insurance Company Inc. (“Ancon”), which can be invoked in the event the member companies do not meet their funding obligations when due. Ancon will make a payment to the Plan to cover any shortfall in funding up to a monetary limit equal to 105% of Plan liabilities valued on the basis set out in Section 179 of the UK Pensions Act 2004.

### ***Arrangements for other parties to make payments to the Plan***

Other than a potential payment from Ancon under the terms of the guarantee, there are no arrangements for anyone other than the member companies and members to make payments to the Plan.

### ***Payments to the employers***

Other than the reimbursement by the Plan of Esso Petroleum Company, Limited for regular payments made, the Rules of the Plan do not include provisions for EMPTL to make any payment to a member company out of the funds held unless there is a surplus following the winding up of the Plan (or a portion thereof).

### ***Policy on reduction of cash equivalent transfer values***

EMPTL will ask the actuary to advise it from time to time on the extent to which assets of the Plan are sufficient to provide cash equivalent transfer values for all non pensioners without adversely affecting the security of the benefits of other members and beneficiaries. If the actuary advises that the assets are insufficient to provide cash equivalent transfer values in full to all members on the method and assumptions adopted for that purpose, EMPTL will consider whether to apply reductions to those transfer values (in line with relevant legislation), after consulting the member companies.

## **4. INVESTMENT PRINCIPLES**

EMPTL’s investment policy is to carry out its primary fiduciary duty in all circumstances, which is to act in the best financial interests of the beneficiaries of the Plan. It considers that it is acting in the best financial interests of the beneficiaries by adopting a generally passive indexing strategy and investing in pooled, broadly diversified low-cost index based funds.

EMPTL’s investment objective is that the Plan has sufficient and appropriate assets to meet the amount required, on an actuarial calculation, to make provision for the Scheme’s liabilities (the technical provisions).

To further this investment objective, the Trustee’s overarching policy is as follows:

- To hold sufficient liquid assets to meet likely near term benefit payments, as well as unexpected cash requirements in the majority of foreseeable circumstances, so that realisation of assets will not disrupt the overall investment policy;

- To hold assets of appropriate liquidity which are expected to generate returns over the long term to meet, together with new contributions, the cost of current and future Plan benefits at an acceptable level of risk and cost. EMPTL will seek to prudently balance risk and return considerations in order to meet its obligations.

## **5. IMPLEMENTATION OF THE INVESTMENT PRINCIPLES**

### ***Asset Selection***

EMPTL's policy is to invest in passive, index-tracking pooled funds for each asset class, unless there are sound reasons to do otherwise. This ensures that the Plan's investments are broadly diversified and avoid undue concentration in particular companies, industries or countries beyond their market weights.

### ***Asset Allocation***

Separate target asset allocation policies have been created for each of the UK and Ireland liabilities in the Plan. The details of the target asset allocation policies are included in Appendix B.

EMPTL accepts that the assets are unlikely to remain at their exact target weights due to market fluctuations. Therefore a policy is in place which aims to rebalance the assets periodically to the target allocations to take account of such deviations. This is further detailed in Appendix B.

### ***Monitoring of Investment Performance***

EMPTL invests in index-tracking assets and therefore expects investment returns to closely match the returns of the underlying indices. These indices are the basis for the benchmarks used in performance monitoring. An external independent performance monitoring agency provides monthly reports on the asset performance versus the benchmark. These reports are reviewed regularly by EMPTL. Any material deviation from the benchmark are investigated by Exxon Mobil Corporation, in its role as advisor to EMPTL.

### ***Portfolio turnover***

EMPTL invests in passive index-tracking funds, it does not set targets for portfolio turnover. It is acknowledged and accepted that the investment managers will periodically rebalance their funds to reflect changes in the underlying indices, and that the costs of these transactions are absorbed into the fund.

### ***Advice***

Before investing in any manner, the Trustee obtains and considers proper advice on the question as to whether an investment is satisfactory, having regard to its investment principles and also the need for diversification of investments and to the suitability to the Plan of proposed investments. EMPTL has appointed EPCo and Exxon Mobil Corporation (Benefits Finance & Investment Division) ("BF&I"), (EPCo and BF&I together, the "investment advisors"), to provide advice on investment strategy, to monitor the performance of the investment managers and to co-ordinate and administer the investment activity of the Plan. On an annual basis EMPTL reviews and, if appropriate, reconfirms its belief that BF&I and EPCO are qualified by its ability in and practical experience of financial matters, and to have the appropriate knowledge and experience of the management of investments of pension schemes. EMPTL believes that it has sufficient experience and knowledge to make investment decisions based on the advice received. EMPTL has at least one formal meeting with BF&I and EPCO per year, together with adhoc informal interactions as required or requested by EMPTL.

## **Specific Guidelines**

- **Derivatives:** Restrictions on the use of derivatives are included in EMPTL's investment management agreements. EMPTL relies on its investment advisors, to monitor the use of derivatives by the investment managers to ensure compliance with the investment mandate.
- **Securities lending:** EMPTL invests in funds which have securities lending programs. These funds are managed by investment managers with whom Exxon Mobil Corporation has a global relationship. Therefore, EMPTL relies on its investment advisors, to determine whether the securities lending programs are appropriate for the plan assets, and to monitor the programs on an ongoing basis. BF&I maintains best practice guidelines for securities lending as part of its internal control framework.
- **Self investment:** To invest in the securities of Exxon Mobil Corporation only to the extent that they form a constituent of the total US equity index being tracked.

## **AVCs**

The Plan provides facilities for members to make additional voluntary contributions (AVCs). EMPTL's objective is to provide, via an external investment institution or institutions appointed from time to time, AVC facilities that offer Plan members a range of investment accounts from which to choose. The same policy set out in Section 8 below (applying to DB) applies equally to the AVC arrangement with Aegon. However, EMPTL will take a pragmatic and proportionate approach given the size of the arrangement and that the AVCs are invested passively with BlackRock via Aegon. Appendix C sets out further details of the AVC arrangements.

## **6. RISK MANAGEMENT**

EMPTL recognises and continues to monitor a number of risks involved in the investment of the Plan's assets, including:

Solvency risk and mismatching risk – addressed through the asset allocation strategy and through ongoing annual actuarial valuations.

Manager risk – addressed through careful assessment and ongoing monitoring of the reputation and financial strength of the managers.

Liquidity risk – the Plan administrators estimate the monthly benefit outgoings and ensure that sufficient cash balances are available.

Inappropriate investments – addressed through constraints on the use of derivatives, gearing, specific asset limits and other restrictions on the investment managers.

Currency risk – addressed through the mix and diversification of the assets.

Political risk – the risk of an adverse influence on investment values from political intervention is reduced by diversification of the assets across many countries.

Custodian risk – addressed through the agreement with the third party custodians and ongoing monitoring of the custodial arrangements. Restrictions are applied to who can authorise transfers of funds and the accounts to which transfers can be made.

Counterparty risk – addressed through the investment manager guidelines with respect to cash management.

Fraud/Dishonesty/Negligence – addressed through liability clauses in the investment manager agreements.

In addition, EMPTL recognises risks associated with funding – the failure of an employer, addressed through maintenance of the EMPTL review of employer covenant and the guarantee from Ancon Insurance Company Inc.

EMPTL also considers risks specific to DC and these are set out in Appendix C.

## **7. APPOINTMENT OF INVESTMENT MANAGERS**

EMPTL appoints its investment managers with an expectation of a long-term partnership. Alignment between a manager's management of the Plan's assets and EMPTL's investment principles are a fundamental part of the appointment process. Before investing, EMPTL will seek to understand the manager's approach to passive index-based investing (including engagement with portfolio companies). When investing in a pooled investment fund, EMPTL will ensure the investment objectives of the fund are consistent with its own objectives.

To maintain ongoing alignment, investment managers are provided with the most recent version of this document on an annual basis and are required to explicitly confirm that the Plan's assets are managed in line with EMPTL's principles and objectives as outlined in sections 4 and 5.

Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes fund management, reporting and engagement with portfolio companies. It is EMPTL's view that fees linked to investment performance are generally not compatible with a passive investment. Such fee structures are therefore only used in a limited number of cases.

When assessing a manager's performance, EMPTL focuses on long term outcomes, and does not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors.

## **8. GOVERNANCE OF EQUITY INVESTMENTS**

The funds in which EMPTL invests do not give fund participants direct voting access to the companies in which they are invested so EMPTL relies on the Investment Managers to represent their best interests when voting. Prior to investing in a fund, the stated aim of that fund is reviewed to ensure it aligns with EMPTL's principle of acting in the best financial interests of the Plan's beneficiaries.

EMPTL recognises its fiduciary duty to protect and enhance the value of the Plan's assets. It supports active dialogue between its investment managers, as shareholders, and companies, with the objective of raising standards of corporate governance.

EMPTL's policy for the governance of equity investments is to be put into action via its appointed investment managers. It is recognised that investment managers can fulfil their role in corporate governance, on behalf of EMPTL, through direct contact with the management of the companies in which EMPTL has invested and also through the exercise of voting rights. Investment managers' actions must at all times enhance the value of the Plan assets.

EMPTL's policy for the governance of equity investments is that votes should be cast on every issue unless country specific procedures make voting procedurally difficult or uneconomic. By voting regularly shareholders can influence the way in which directors run a company so that its value to shareholders may be increased through the promotion of best practices in company management.

BF&I, in its role as advisor to EMPTL, manages the relationships with EMPTL's Investment Managers. Periodic discussions with managers are held on their engagement activities with portfolio companies, including the manager's approach to proxy voting. Should this review process reveal that an investment manager's portfolio is not aligned with EMPTL's policies or the stated fund objectives, EMPTL will engage with the investment manager further to encourage

alignment. If, following engagement, it is the view of EMPTL that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.

For most of the Plan's investments, EMPTL expects the investment manager to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance for shareholders over these periods. EMPTL also expects that managers' engagement with portfolio companies will include environmental, social and governance matters.

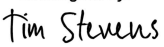
***Considerations in the selection, retention and realisation of investments***

It is the policy of the Trustee that all financially material considerations in the selection, retention and realisation of investments should be taken into account and that non-financial matters (such as environmental, social and governance considerations (including, but not limited to, climate change)) should be taken into account only to the extent that they have an impact on the best financial interests of the beneficiaries.

Therefore, as a consequence of this approach, environmental, social and governance considerations in the selection, retention and realisation of investments are taken into account through the applicable market index security weightings and returns.

In 2022 EMPTL published its first report in respect of the Occupational Pension Schemes (Climate Change and Governance Reporting) Regulations 2021, which is available to members and the general public.

Members of the Plan remain free/welcome to comment on any aspect of the investment of the Plan's assets.

DocuSigned by:  
  
7EBC289CBC0E44E...

EXXONMOBIL PENSION TRUST LIMITED

DATE : November 22, 2023

## APPENDIX A

### TECHNICAL PROVISIONS METHOD AND ASSUMPTIONS FOR THE ACTUARIAL VALUATION OF THE PLAN AS AT DECEMBER 31, 2022

#### Technical Provisions Method

The actuarial method used is the Projected Unit Method.

#### Technical Provisions Assumptions

Financial Key Assumptions – selected by reference to investment market conditions as at the effective date of the valuation.

- A single discount rate of 4.55% p.a. was used for the valuation based on actuarial advice and after consideration of prevailing market conditions.
- Assumed RPI price inflation is selected having regard to information available in respect of financial markets at the valuation date. An assumption of 3.35% p.a. has been used. Price inflation set by reference to the Consumer Price Index (CPI) is assumed to be 0.55% p.a. below RPI price inflation (ie 2.8% pa).
- For members of the Contributory Section, increases to pensions earned in respect of service between 5 April 1997 and 6 April 2006 (inclusive) are assumed to be at the rate of 3.35%, and increases to pensions earned after 5 April 2006 are assumed to be 2.5% pa. Discretionary pension increases are not reflected in the Technical Provisions calculation, and therefore no increases are assumed in relation to pensions earned before 6 April 1997 (except for the component in relation to GMP arising from Post 5 April 1988 which allows for statutory increases in payment at an assumed rate of 2.8% pa).
- For members of the Non-contributory Section, increases to pensions are assumed to be 2.5% pa.
- The general pay escalation assumption is selected having regard to past experience and views of the member companies on future pay policy. An assumption of increases at 0.5% p.a. above CPI price inflation was used in the valuation. In addition, allowance is made for promotional increases on an age related basis as set out in the table overleaf.
- Statutory revaluation of deferred pensions is assumed to be equal to CPI price inflation in respect of pensions earned before 6 April 2009 and equal to 2.5% pa in respect of pensions earned from 6 April 2009.
- Demographic Key Assumptions were reviewed and where necessary revised for the Actuarial Valuation as at December 31, 2022.
- Mortality Base tables used are selected after reviewing recent Plan experience and the underlying demographic characteristics of the prevailing membership. Allowance is also made for EMPTL's and member companies' views on how these rates might change in the future.
- Past experience is used to assess in-service decrements.
- When analysing the Plan's recent experience for the purpose of assumption setting, data is considered over a three year period (or longer), rather than the one year period since the most recent actuarial valuation.
- A summary of the assumptions used is set out overleaf.

## Summary of demographic assumptions

### All members

Post-retirement mortality is based on the member's year of birth and uses the following assumptions.

- Current mortality: Based on the SAPS S3 series tables set out below, projected from 2013 to the valuation date using the future improvements as set out below:
  - Male members and male dependants: 93% of 'Normal Health Pensioners (M)'
  - Female members and female dependants: 85% of 'Normal Health Pensioners, Heavy (F)'
- Future improvements in longevity: in line with 'CMI Core Projection Model (2022 version)' from the valuation date with a long term improvement rate of 1.5% pa, default smoothing parameter (of 7.0), default weighting parameter (of nil for 2020 and 2021 experience and 25% for 2022 experience) and an initial additional improvements parameter of 0.75% pa. Improvements between 2013 and the valuation date are also assumed to be in line with the 'CMI Core Projection Model (2022 version)' but with the long term improvement rate of 1.25% pa, an initial additional improvements parameter of 0.5% pa and all other parameters unchanged.

The proportion of members assumed to be married is 90% for men and 60% for women.

Husbands are assumed to be two years older than their spouses.

Members are assumed to commute 20% of their pension for a tax-free cash lump sum at retirement on terms which are consistent with the Technical Provisions assumptions, but with the margins for prudence removed (equivalent to assuming commutation factors approximately 15% lower than those implied by the Technical Provisions assumptions).

### Active members

	In service – specimen rates per 1000 members								Salary scale	
	Withdrawal		Death		Ill-health retirement		Early retirement		Male	Female
	Male	Female	Male	Female	Male	Female	Male	Female		
25	24	55	-	-	-	-	-	-	100	100
30	24	70	-	-	-	-	-	-	122	122
35	24	50	-	-	-	-	-	-	144	144
40	24	33	-	-	-	-	-	-	163	163
45	24	33	-	1	1	1	-	-	179	179
50	12	33	-	1	2	2	-	-	191	191
55	12	20	1	2	4	3	100	100	199	199
60	-	20	1	3	8	5	500	500	202	202

No allowance has been made in the calculation of the Technical Provisions in respect of active members to reflect the likelihood that members may lose salary linkage on their Plan accrued pension earlier than anticipated due to them becoming members of the ExxonMobil Supplementary Plan.

### Deferred members

The mortality basis prior to pensions coming into payment uses the same tables as the post-retirement mortality basis described above.



## **Expenses**

Administrative expenses (with the exception of Ireland-related expenses, which are met from Plan assets) and PPF levies are not capitalised but are paid by the sponsoring companies as they arise. However, no employer contributions will be paid for the administrative expenses nor PPF levies where these fall due between 1 January 2023 and 31 December 2024 unless related to the fee for the guarantee provided to the Plan by Ancon.

## APPENDIX B

### ASSET ALLOCATION

Following asset allocation studies for the UK and Ireland sections of the Plan, the following asset allocation targets have been agreed by the Trustee.

Target Allocations	UK	Ireland
Equity	20%	20%
Fixed Income (GBP)	80%	-
Fixed Income (EUR)	-	80%

The equity portfolio of the UK section currently includes a small amount of private equity funds, reflecting a legacy investment strategy. The private equity investment is declining over time as the funds distribute returns. No new allocations are made to private equity.

The Trustee reviews the fixed income allocation between government and corporate bonds annually as part of the review of the Liability Driven Investment program and rebalances between the two as required to optimise the efficiency of the interest rate hedge which the program provides. When agreeing on this rebalance, the Trustee will have regard to the estimated cost of the transactions, as well as the efficiency of the hedge.

Assets also include a small holding in an insurance policy (represents less than 0.5% of assets).

Plan assets should only be held in cash to the extent that cash is needed for operations.

### REBALANCING

As market movements cause asset values to fluctuate, the Plan's assets drift from the target allocation. The Trustee's preference is to rebalance the assets back to their target weights on a quarterly basis, and delegates this activity to BF&I. Usual practice is for rebalancing to be done on a quarterly basis (February, May, August, and November month ends) to strike a balance between the benefits of rebalancing and the associated transaction costs. Quarterly rebalancing may be temporarily adjusted/suspended in certain situations e.g. significant market volatility. In those cases, EMPTL expects that BF&I will communicate the postponement and propose a plan to return to rebalancing. Any proposed suspension of a rebalance for greater than one month requires authorisation by the Trustee.

Investments into and divestments from the Plan should be done in such a way as to bring the asset mix closer to its target e.g. invest contributions in the most underweight fund.

## APPENDIX C

### DEFINED CONTRIBUTION (DC) ADDITIONAL VOLUNTARY CONTRIBUTION (AVC) ARRANGEMENT

EMPTL currently offers the following range of funds through Aegon (Scottish Equitable):

Asset class	Name of fund	Benchmark
Mixed Assets	ExxonMobil Mixed Asset	75% MSCI World NET TR (£) Index, 25% iBoxx £ Non Gilts Index
Global Equity	Aegon BlackRock MSCI World Index (BLK)	MSCI World NET TR (£) Index
Cash	Aegon BlackRock Cash (BLK)	GBP 7 Day LIBID
UK Equity	Aegon BlackRock Aquila Life UK Equity (BLK)	FTSE All Share Index
Gilts	Aegon BlackRock Aquila Life Over 15 Years UK Gilt (BLK)	FTSE UK Gilts Over 15 Years Index
Bond	Aegon BlackRock Aquila Life Corporate Bond Index Fund All stocks (BLK)	iBoxx £ Non Gilts Index

The objective of these options is to provide members with suitable funds from which they can construct their own portfolio. The funds' objectives and expected returns are as follows:

- ExxonMobil Mixed Asset Fund: Invests approximately 75% in the MSCI World Index Fund and 25% in investment grade corporate bonds denominated in sterling. The fund aims to provide returns consistent with the markets in which it invests.
- Aegon BlackRock MSCI World Index Fund: Invests in the shares of overseas and UK companies and aims to achieve a return consistent with the MSCI World Index
- Aegon BlackRock Cash Fund: Aims to achieve an investment return that is in line with wholesale money market short-term interest rates. Specifically, the Fund is benchmarked against 7 Day Sterling LIBID. The underlying investments of the fund are a diversified portfolio of money market instruments. The instruments are of a high quality and have a minimum credit rating of A1 or an equivalent standing.
- Aegon BlackRock Aquila Life UK Equity Fund: Invests in the share of UK companies and aims to achieve a return that is consistent with its benchmark.
- Aegon BlackRock Aquila Life Over 15 Years UK Gilt Fund: Invests in UK government fixed income securities (gilts) that have a maturity period of 15 years or longer. The fund aims to achieve a return consistent with its benchmark.
- Aegon BlackRock Aquila Life Corporate Bond Index Fund: Invests in investment grade corporate bonds denominated in sterling. The fund aims to achieve a return consistent with its benchmark.

Due to the presence of a small value of non-AVC money purchase assets in the Plan, the Plan is subject to additional governance and reporting requirements, one of which relates to funds which may be deemed as 'defaults' under legislation.

Due to previous investment mapping exercises, members within the main AVC arrangement of the Plan have been mapped into the above investment options. Therefore, these funds are considered by legislation as scheme defaults.

## **Retirement Transition arrangements**

Members can choose to invest in one of three Retirement Transition Strategies:

- Mixed Asset Retirement Transition Strategy – invests 100% in the ExxonMobil Mixed Asset Fund until five years before selected retirement age (this has been used as a default fund in previous investment mapping exercises)
- Global Equities Retirement Transition Strategy – invests 100% in the Aegon BlackRock MSCI World Index Fund until five years before selected retirement age
- 100% UK Equities Retirement Transition Strategy – invests 100% in the Aegon BlackRock Aquila Life UK Equity Fund until five years before selected retirement age

All funds provide the possibility of long-term growth while a member is further away from their selected retirement age.

Five years before a member's selected retirement age, each of the Retirement Transition Strategies gradually switches the assets into the Aegon BlackRock Cash Fund. This will continue until the member is in 100% in the Aegon BlackRock Cash Fund at their selected retirement age. This aims to reduce volatility as a member approaches retirement and acknowledges that most members are expected to use their AVCs to fund their tax-free cash under the Plan.

## **Historical arrangements**

There are also members invested in With-Profit funds with Prudential and Standard Life as set out below:

- Standard Life Pension With-Profits Fund
- Standard Life Millenium With-Profits Fund
- Prudential Cash Accumulation With-Profits Fund

The Standard Life Pension With-Profits Fund and the Standard Life Millenium With-Profits Fund are classified as defaults under legislation.

With-profits investments aim to general capital growth over the medium to long term, with stability against market volatility over the short term. Money is invested in pooled assets and the returns are not based on a precise level of stocks held on the date of buying or selling. By smoothing through market movements, returns may be higher or lower than actual underlying asset performance. Guarantees or financial adjustments may apply and the levels are determined on a member-by-member basis.

EMPTL believes that the Plan's identified default arrangements are suitably designed, and it continues to monitor them through the investment policies outlined in this document to ensure that assets are invested in the best interests of the Plan's members and any potential beneficiaries.

The default arrangements do not include a specific allocation to illiquid assets, although there may be an allocation to illiquid assets within The Standard Life Pension With-Profits Fund and the Standard Life Millenium With-Profits Fund at the discretion of the investment manager. The Trustee's policy is to invest in assets that are sufficiently liquid to allow them to be realised readily and typically daily dealt. The Trustee does not currently have any plans to invest in illiquid assets in the future in relation to the Plan's DC investment options.

EMPTL considers that it is acting in the best financial interests of members by providing an AVC investment fund range consisting of pooled, broadly diversified, passive, low-cost indexed strategies. As a consequence of this approach, environmental, social and governance considerations in the selection, retention and realisation of investments are delegated to its investment manager.

Members of the Plan remain free/welcome to comment on any aspect of the AVC investments.

EMPTL delegates governance activities (proxy voting / engagement) to its investment manager and carries out a periodic compliance review of these activities.**Risk Management**

EMPTL recognises a number of investment risks involved in the investment of the Plan's DC assets, including:

**Inflation risk** - the risk that the investment return over members' working lives does not keep pace with inflation.

**Retirement objective mismatch or sequencing risk** – the risk that members' investment allocation in the years prior to retirement does not match their retirement objectives, exposing members to inefficient or uncertain outcomes.

**Shortfall or opportunity cost risk** - the risk that members end up with insufficient funds at retirement with which to secure a reasonable income.

**Manager risk** - the risk that a passive fund's performance significantly deviates from the Index or for an actively managed fund that the chosen investment manager underperforms the benchmark against which the investment manager is assessed.


**Capital risk** - the risk of a fall in the value of the members' fund.

**Liquidity risk** – the risk it is not possible for an investment to be traded at the point the member wishes to access their DC assets.

EMPTL recognizes the above investment risks are specific to each member and these risks are managed by the range of DC investment options which are provided to the members. The EMPTL monitors these risks through the quarterly Aegon reporting, the annual governance report and triennial investment review. Additionally communications (such as the AVC guide) explains the risks to members and how they can look to mitigate the above when making their investment choices.

The Funding Principles and Appendix A of this Statement of Funding and Investment Principles has been agreed by ExxonMobil Pension Trust Limited and by the member companies; Esso Petroleum Company, Limited, ExxonMobil Chemical Limited and International Marine Transportation Limited.


**Signed on behalf of ExxonMobil Pension Trust Limited**

DocuSigned by:  
  
7EBC289CBC0E44E...  
Name: Tim Stevens

Position: Director

Date: November 22, 2023

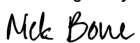
**Signed on behalf of Esso Petroleum Company, Limited**

DocuSigned by:  
  
A0F2575B0C9C4A8...  
Name: PAUL GREENWOOD

Position: Director

Date: November 22, 2023


**Signed on behalf of ExxonMobil Chemical Limited**

DocuSigned by:  
  
34537EA6216B41E...  
Name: NICK Bone

Position: Director

Date: November 24, 2023

**Signed on behalf of International Marine Transportation Limited**

DocuSigned by:  
  
34066B005D0D4B4...  
Name: Roger Adams

Position: Director

Date: November 22, 2023