

ExxonMobil Pension Plan - The Chair's Annual DC Governance Statement

NOTE: THIS COMPLIANCE STATEMENT RELATES SOLELY TO THE PLAN'S MONEY PURCHASE BENEFITS (SUCH AS ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCS) AND OTHER MONEY PURCHASE BENEFITS). THIS STATEMENT IS NOT RELEVANT TO ANY MEMBER'S DEFINED BENEFIT PENSION.

This Statement has been prepared by the Trustee of the ExxonMobil Pension Plan (the 'Plan') to demonstrate how the Plan has complied with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015. This Statement relates to the period from 1 January 2021 to 31 December 2021.

It is generally the case that Defined Benefit (DB) schemes with only money purchase Additional Voluntary Contribution (AVC) arrangements are excluded from the above regulations. However, the Plan holds a small element of non-AVC money purchase benefits, most of which arise from historical transfers-in from non-AVC arrangements, and therefore the governance standards will apply to all money purchase assets in the Plan.

Investment strategy and monitoring

The Trustee's objective is to provide its members with a range of suitable funds from which they can construct their own portfolio. The Plan's Statement of Funding and Investment Principles (SFIP) sets out the objectives of each fund. The full SFIP can be found in Appendix A.

The current AVC/DC arrangement offers members the opportunity to select their own investments across a range of asset classes; members' investments are not automatically invested in a default strategy. However, following the introduction of The Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Plan's six self-select funds with Aegon and the Mixed Asset Retirement Transition Strategy are considered default arrangements as a result of investment transitions which took place in 2010, 2014 and 2020, where some members' AVCs/DC savings were moved automatically to these funds when they did not express an alternative choice.

The Plan holds a number of legacy (or acquired) investment policies with Standard Life, Utmost and Prudential. One of the Standard Life policies (the Retirement Account policy) consists of two sub-funds; the Standard Life Pension With Profits Fund and the Standard Life Pension Millennium With Profits Fund, both of which are deemed defaults. The legacy policies are closed to new contributions.

The last default investment review was completed in March 2020. The next review will commence in early 2023.

The performance of the Plan's Aegon investment fund range is reviewed quarterly to ensure that performance is in line with each fund's objective. The legacy and acquired AVC/DC provider funds' performance is monitored annually as part of a wider general review of all the Plan's AVC arrangements. The Trustee annually reviews performance of the with-profits funds with Standard Life and Prudential in line with the annual bonus declarations and overall provider reviews.

In 2021, the Trustee was made aware that the Prudential UK Property Fund would be closed on 22 June 2021 and members assets in this legacy fund would automatically be mapped into an alternative fund with Prudential. Having reviewed the proposed replacement fund, the Trustee agreed that this fund did not align with the Trustee's principal investment objective and agreed to move the assets into the Aegon arrangement. The Trustee initially opted to move all assets into the Prudential Cash Fund until 16 July 2021 to allow members to choose an alternative Aegon fund. Following this deadline, where a member did not elect an alternative fund, the assets were automatically moved into the ExxonMobil Mixed Asset Fund which looks to provide growth and diversification. All member assets were moved in the ExxonMobil Mixed Asset Fund on 5 August 2021.

Net Investment returns

The Trustee is required to report on the net investment returns for the default arrangements and for all self-select funds during the Plan year. The net investment return is after all transaction costs and charges.

Default funds:

Fund	Last 12 months (%)	Last 3 years (%p.a.)	Last 5 years (%p.a.)
Aegon BlackRock iShares Corporate Bond All-Stocks Index (BLK) Class S7	-3.27	4.40	3.07
Aegon BlackRock iShares Over 15 Year Gilt Index (BLK) Class S7	-7.45	5.57	4.02
Aegon BlackRock ACS UK Equity Index (BLK) Class S7	17.94	8.11	5.20
Aegon BlackRock MSCI World Index (BLK) Class H	23.24	19.58	13.32
Aegon BlackRock Cash (BLK) Class S5	-0.20	0.14	0.14
ExxonMobil Mixed Asset Class P	16.12	-	-
Standard Life Pension With Profits Fund	Standard Life has been unable to provide the requested information at this time for the purpose of the Chair's Statement. The Trustee has made multiple attempts to obtain this information and expects to be able to provide this information in next year's Chair's Statement		
Standard Life Pension Millennium With Profits Fund			

Mixed Asset Retirement Transition Strategy	Age of member as at start of the stated period	Last 12 months (%)	Last 3 years (%p.a.)	Last 5 years (%p.a.)
	25	16.12	-	-
	45	16.12	-	-
	55	16.12	-	-

Global Equity Retirement Transition Strategy	Age of member as at start of the stated period	Last 12 months (%)	Last 3 years (%p.a.)	Last 5 years (%p.a.)
	25	23.24	19.58	13.32
	45	23.24	19.58	13.32
	55	23.24	19.58	13.32

UK Equity Retirement Transition Strategy	Age of member as at start of the stated period	Last 12 months (%)	Last 3 years (%p.a.)	Last 5 years (%p.a.)
	25	17.94	8.11	5.20
	45	17.94	8.11	5.20
	55	17.94	8.11	5.20

It has not been possible for Aegon to provide the three year returns and the five year returns for the ExxonMobil Mixed Asset Fund or the Mixed Asset Retirement Transition Strategy (which invests in the ExxonMobil Mixed Asset Fund) as the ExxonMobil Mixed Asset fund has only been running for 18 months.

The figures for net investment returns in the tables above have been provided by Aegon.

Other funds:

Fund	Last 12 months (%)	Last 3 years (%p.a.)	Last 5 years (%p.a.)
Utmost Property Life and Pension Fund <i>(figures provided by Utmost)</i>	6.45	-3.49	0.17
Standard Life Property Pension Fund	The provider has been unable to provide the requested information at this time for the purpose of the Chair's Statement. The Trustee has made multiple attempts to obtain this information and expects to be able to provide this information in next year's Chair's Statement (where required).		
Standard Life Millennium With Profits 2006			
Prudential Property Fund (this fund was closed in 2021)			

When preparing this section of the statement, the Trustee has taken account of the DWP's Statutory guidance on "Completing the annual Value for Members assessment and Reporting of Net Investment Returns".

Financial transactions

The Trustee has in place Service Level Agreements (SLAs) with the Plan Administrator which cover the timescales of all administration tasks (DB and AVC) including all core financial transactions. These core financial transactions include the investment of contributions, transfers into and out of the Plan, fund switches and payments out of the Plan to and in respect of members.

The Plan administrator carries out monthly monitoring, reconciliation and record keeping of AVC contributions, investments and payments from the Plan. All discrepancies are investigated and reconciled. The Plan's accounts are also independently audited annually by the Trustee's appointed auditors.

The Trustee monitors whether core transactions are processed promptly and accurately, by reviewing quarterly reports detailing the key information about the Plan's administration, including whether the administration team has met its required service levels standards for the period. All monthly AVC contributions over the period were invested in line with the agreed SLAs.

The Plan Administrator follows an agreed administration manual and has a checking/authorisation process in place for all financial transactions.

The Trustee has service level agreements ("SLA") in place with the Plan Administrator. On average, 88.25% of all tasks were completed within SLA during the reporting period however this relates to both DB and AVC tasks.

Tasks completed outside SLA over the reporting period were across all task types, however retirement settlements were prioritised where possible. Transfer payments, deaths and pension sharing tasks had lower SLA completion ratings, primarily as a result of the complexity of these tasks and reliance on third parties for information. The main cause for the reduction in the SLAs has been due to work volumes being significantly higher than expected throughout 2021. Since November 2021, a Service Improvement Plan has been in place with the Administrator, at the request of the Trustee. Updates are provided at every Trustee meeting by the Administrator and weekly calls continue to take place between Exxon HR and the Administrator to discuss any issues. To improve the speed of service, the Plan administrator is currently undergoing an exercise to expand its administration team which will improve its SLA performance. This exercise is due for completion by quarter four of 2022.

Common and Scheme Specific data tests were carried during 2021. The overall data quality score for common data and scheme specific data was 94%. Common and Scheme Specific data tests reported within the quarterly administration reports.

As a result, the Trustee is satisfied that core financial transactions were processed accurately during the scheme year but is working to improve the speed at which these tasks are processed.

Charges and transaction costs

Fund charges paid by the members are set out below:

Fund name	Total Expense Ratio (TER)	Transaction costs as at 31 December 2021 (unless stated)
<i>Funds open to future contributions</i>		
ExxonMobil Mixed Asset	0.28%	0.0095%
Aegon BlackRock MSCI World Index Fund	0.26%	0.0017%
Aegon BlackRock Cash	0.28%	0.0017%
Aegon BlackRock (Aquila Life) UK Equity Index	0.26%	0.0736%
Aegon BlackRock (Aquila Life) Over 15 Year UK Gilt	0.26%	0.0047%
Aegon BlackRock (Aquila Life) Corporate Bond	0.26%	0.0334%
Mixed Asset Retirement Transition Strategy	0.28%	0.0017% - 0.0095%
Global Equity Retirement Transition Strategy	0.26% - 0.28%	0.0017% - 0.0017%
UK Equity Retirement Transition Strategy	0.26% - 0.28%	0.0017% - 0.0736%
<i>Funds closed to future contributions</i>		
Utmost Property Pension Fund	1.78%	0.0042%
Standard Life Property Pension Fund	0.64%	0.0020%
Standard Life Millennium With Profits	*See below	0.0017%
Standard Life Millennium With Profits 2006		0.0017%
Standard Life With Profits		0.0012%
Prudential With Profits		Not known**

The Aegon investment funds benefit from competitive charges negotiated by the Trustee. The TER includes the investment manager fees and operational costs incurred for the benefit of members (such as administration). These charges are clearly disclosed to members throughout all relevant documentation.

* In relation to the Plan's legacy investment policies with Standard Life and Prudential, due to their nature, the charging structures for the with-profits policies are opaque with costs incorporated into declared bonus rates. The Trustee took account of this (based on publicly available information) when it considered the ongoing suitability of these investments.

** Prudential does not publish transaction costs for its with-profits fund and it has also not been able to provide charges and transaction costs information for the Property fund which has now closed as at June 2021.

Transaction costs are those incurred by fund managers as a result of buying, selling, lending, or borrowing investments.

Statutory guidance has been taken into account when providing the charges and transaction cost data.

Costs and charges illustration

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 requires the Trustee to produce an illustration showing the compounding effect of costs and charges on DC funds. As a result, the Trustee has set out an illustration in Appendix B, which shows the projected values based on three example AVC members (these are not actual members). The three examples show members at different ages, with different average pension savings and investing in a range of different investment options. The projections compare what the investments could grow to at age 65 before and after charges have been deducted.

The illustration has been prepared by Willis Towers Watson, who confirmed that they had regard to the statutory guidance when preparing the illustration.

Value assessment

The Trustees review all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for their money, given the circumstances of the Plan's AVC and other money purchase benefits. The date of the last review was April 2022.

The Trustee notes that value for members does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. The Trustee's advisers have confirmed that the fund charges for the Aegon arrangement are competitive for the types of fund available to members based on external benchmarking which it had carried out.

The Trustee's assessment included a review of the performance of the investment funds in the Aegon arrangement (after all charges) in the context of their investment objectives. The returns on the investment funds members can choose during the period covered by this statement have been consistent with their stated investment objectives.

In carrying out the assessment, the Trustees also considered the other benefits members receive, which include:

- The oversight and governance of the Trustee, including ensuring the arrangement is compliant with relevant legislation, such as the charge cap, and holding regular meetings to monitor the AVC/money purchase arrangements and address any material issues that may impact members
- The range of investment options and strategies
- The quality of communications delivered to members; the quality of support services; and the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards for the Scheme year.

Overall, the Trustees believe that members of the Aegon arrangement are receiving good value for their money for the charges and cost that they incur. The Trustees believe this because the charges are extremely competitive when compared to external benchmarking and the return of the funds (after charges) is in line with the funds' objectives.

The Trustee also assesses the value to members of the legacy funds. It recognises that some members may value their investment options with the legacy providers. For example some of the legacy funds contain guarantees. As such, each member invested in the legacy funds will need to consider whether they wish to keep their money invested in the funds or switch them to the Aegon investment options.

Trustee's Knowledge and Understanding (TKU)

The Trustee has a robust TKU structure in place which enables it, together with the support of its professional advisors, to ensure it has sufficient knowledge to effectively discharge its duties and responsibilities under the Plan. Generally, the Trustee has a good working knowledge of the documents governing the Plan (including the Trust Deed and Rules, the Statement of Funding and Investment Principles, and all documents which set out current policies). The Trustee takes advice from professional advisers when it is appropriate to do so. In addition the ExxonMobil pension legal adviser attends every Trustee meeting to provide guidance as required to the Trustee and the Trustee's other advisers will attend for relevant agenda points. The Trustee's DC Investment adviser (WTW) attended the May 2021 Trustee meeting to provide advice and updates to the Trustee in relation to the AVC and DC arrangements in the Plan.

The Trustee Directors are generally long standing and have worked together for a number of years and as such have learnt to operate in a way which plays to each director's strengths and area of expertise. All the Directors have completed The Pension Regulator's Trustee Toolkit. There was one new Trustee Director appointed during the year who received induction training from the Company

Secretary, legal adviser, financial controllers and treasury advisers and pension manager to ensure that they had the required level of general and Plan specific knowledge to effectively carry out their trustee duties. The new Director completed the Pension Regulator's Trustee Toolkit within 6 months of appointment.

The Trustee's approach to meeting the TKU requirements, and ensuring they retain good working knowledge of the Plan documents, include:

- Maintaining a rolling programme of bespoke Trustee training which is delivered during a designated training day and within Trustee meetings where appropriate (depending upon its urgency).
- Recording all training and attendance at appropriate seminars in the Trustee training log.
- Reviewing the training programme annually.
- An online site for Trustee Directors to access the latest Plan documents.
- Annually (at the start of each year) the Trustee reviews the training it received in the previous year, what training would be beneficial for the coming year (taking account of the Plan's expected activities) and seeks to establish any gaps in knowledge, all of which can then be addressed within the training programme for the year. This was carried out in January 2021 and all identified training needs were addressed during 2021.

At the September 2021 training day, the Trustee covered the following topics which have a relevance to the AVCs: TPR's new Combined Code, Pension Scheme Act and TCFD.

The effectiveness and performance of the Trustee is monitored in the following way:

- Maintenance and progression against the annual business plan; Reviewed in November 2020 in advance of the 2021 Plan year.
- Quarterly monitoring of the SLAs which are in place with the internal ExxonMobil team who support the Trustee to ensure timely completion of required activities.
- The Trustee regularly reviews the service it receives from its advisers and service providers, in addition to having a formal annual review in January 2021.
- The Trustee Directors proactively provide comments on possible improvements in relation to the operation and performance of the Board as a whole.

The above were continually monitored throughout 2021.

Taking into account the knowledge and experience of the Trustee Directors, along with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g. investment consultants, legal advisors), the Trustee Directors believe they are well placed to exercise their functions as Trustees of the Plan properly and effectively.

Statement of compliance

On behalf of the Trustee of the ExxonMobil Pension Plan, I confirm that the Trustee is comfortable that the Plan has met the minimum governance standards (in relation to money purchase assets) as defined in The Occupational Pension Scheme (Charges and Governance) Regulations 2015 during the period 1 January 2021 to 31 December 2021.

Signed on behalf of the Trustee

Tim Stevens (Chair of the Trustee)

Appendix A – Statement of Funding and Investment Principles

Appendix B - Illustration of the effect of costs and charges on a member's AVC pension pot

The illustration has been prepared in accordance with the relevant statutory guidance and reflects the impact of costs and charges for three typical examples of AVC members within the Plan for those funds which are defaults. The illustrations below show the projected fund values based on certain assumptions before and after charges so that the potential impact of charges is clearly shown. Members should be aware that these are simply illustrations, and so the actual fund values and implication of charges for an individual member are likely to differ due to personal details, investment choices and actual performance of the funds. This means that the information contained in this Appendix is not a substitute for the individual and personalised illustrations which are provided to members each year by the Plan.

Example Member	Years	Aegon BlackRock MSCI World Index Fund		ExxonMobil Mixed Asset Fund		Aegon BlackRock Cash Fund		Aegon BlackRock Aquila Life UK Equity		Total contributions paid during the period
		Before charges	After charges	Before charges	After charges	Before charges	After charges	Before Charges	After Charges	
Youngest member	1	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£300
	3	£1,700	£1,700	£1,600	£1,600	£1,500	£1,500	£1,700	£1,600	£900
	5	£2,300	£2,300	£2,300	£2,200	£2,000	£2,000	£2,300	£2,300	£1,500
	10	£4,100	£4,000	£3,900	£3,800	£3,100	£3,100	£4,100	£4,000	£3,000
	15	£6,000	£5,900	£5,500	£5,400	£4,100	£4,000	£6,000	£5,900	£4,500
	20	£8,200	£7,900	£7,300	£7,000	£5,000	£4,900	£8,200	£7,900	£6,000
	25	£10,500	£10,100	£9,100	£8,700	£5,700	£5,600	£10,500	£10,000	£7,500
	30	£13,000	£12,400	£11,000	£10,400	£6,400	£6,100	£13,000	£12,300	£9,000
	35	£15,700	£14,900	£12,900	£12,200	£7,000	£6,700	£15,700	£14,700	£10,500
	40	£18,700	£17,600	£14,900	£14,000	£7,500	£7,100	£18,700	£17,400	£12,000
	45	£22,000	£20,500	£17,000	£15,800	£7,900	£7,500	£22,000	£20,200	£13,500
46	£22,700	£21,100	£17,500	£16,200	£8,000	£7,500	£22,700	£20,800	£13,800	
Average active AVC contributor	1	£60,700	£60,600	£60,100	£60,000	£58,100	£57,900	£60,700	£60,500	£3,700
	3	£70,400	£69,900	£68,500	£67,900	£62,200	£61,700	£70,400	£69,800	£11,100
	5	£80,400	£79,500	£77,000	£76,000	£66,000	£65,100	£80,400	£79,300	£18,500
	10	£107,000	£104,800	£98,800	£96,500	£74,700	£73,000	£107,000	£104,300	£37,000
	15	£136,000	£132,000	£121,400	£117,400	£82,200	£79,700	£136,000	£131,100	£55,500
	20	£167,700	£161,400	£144,800	£138,800	£88,800	£85,400	£167,700	£159,900	£74,000
	22	£181,100	£173,700	£154,500	£147,500	£91,200	£87,500	£181,100	£172,000	£81,400
Average deferred AVC member	1	£93,600	£93,400	£92,700	£92,400	£89,500	£89,200	£93,600	£93,300	£0
	3	£96,900	£96,200	£94,100	£93,300	£84,600	£83,900	£96,900	£96,000	£0
	5	£100,300	£99,100	£95,500	£94,100	£80,000	£78,900	£100,300	£98,700	£0
	10	£109,400	£106,700	£99,100	£96,300	£69,600	£67,600	£109,400	£106,000	£0
	13	£115,300	£111,500	£101,400	£97,600	£64,000	£61,600	£115,300	£110,600	£0

Example Member	Years	Aegon BlackRock Aquila Life Over 15 Year UK Gilt		Aegon BlackRock Aquila Life Corporate Bond		Mixed Asset Retirement Transition Strategy		Total contributions paid during the period
		Before charges	After charges	Before charges	After charges	Before charges	After charges	
Youngest member	1	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£300
	3	£1,500	£1,500	£1,500	£1,500	£1,600	£1,600	£900
	5	£2,000	£2,000	£2,000	£2,000	£2,300	£2,200	£1,500
	10	£3,100	£3,100	£3,200	£3,200	£3,900	£3,800	£3,000
	15	£4,100	£4,100	£4,300	£4,200	£5,500	£5,400	£4,500
	20	£5,000	£4,900	£5,300	£5,100	£7,300	£7,000	£6,000
	25	£5,700	£5,600	£6,100	£5,900	£9,100	£8,700	£7,500
	30	£6,400	£6,200	£6,900	£6,600	£11,000	£10,400	£9,000
	35	£7,000	£6,700	£7,600	£7,200	£12,900	£12,200	£10,500
	40	£7,500	£7,100	£8,200	£7,700	£14,900	£14,000	£12,000
45	£7,900	£7,500	£8,700	£8,200	£15,800	£14,700	£13,500	
46	£8,000	£7,600	£8,800	£8,300	£15,700	£14,600	£13,800	
Average active AVC contributor	1	£58,100	£58,000	£58,400	£58,200	£60,100	£60,000	£3,700
	3	£62,200	£61,700	£63,000	£62,500	£68,500	£67,900	£11,100
	5	£66,000	£65,200	£67,500	£66,500	£77,000	£76,000	£18,500
	10	£74,700	£73,100	£77,700	£75,800	£98,800	£96,500	£37,000
	15	£82,200	£79,900	£86,800	£83,900	£121,400	£117,400	£55,500
	20	£88,800	£85,800	£95,000	£91,000	£138,800	£133,000	£74,000
22	£91,200	£87,800	£98,000	£93,600	£139,200	£132,900	£81,400	
Average deferred AVC member	1	£89,500	£89,200	£89,900	£89,600	£92,700	£92,400	£0
	3	£84,600	£83,900	£85,900	£85,100	£94,100	£93,300	£0
	5	£80,000	£79,000	£82,100	£80,800	£95,500	£94,100	£0
	10	£69,600	£67,800	£73,300	£71,000	£97,000	£94,200	£0
	13	£64,000	£61,800	£68,400	£65,600	£90,900	£87,500	£0

Notes:

1. The Standard Life With-Profits Fund and the Standard Life Pension Millennium With Profits Fund have not been included in the illustration due to the nature of with-profits and the legacy nature of the funds.
2. Projected pension account values are shown in today's terms.
3. Contributions and costs/charges that are shown as a monetary amount and reductions are made halfway through the year.
4. Investment returns and costs/charges as a percentage reduction per annum are assumed to be deducted at the end of the year.
5. Charges and costs are deducted before applying investment returns.
6. Inflation is assumed to be 2.5% each year.

7. Contributions are assumed to be paid from age 19 to 65 for the youngest member and 43 to 65 for the average active AVC contributor and increase in line with assumed earnings inflation of 0% per year (in real terms).
8. Values shown are estimates and are not guaranteed.
9. The real projected growth rates for each fund are as follow:
 - Aegon BlackRock MSCI World Index Fund – 1.75%
 - ExxonMobil Mixed Asset Fund – 0.75%
 - Aegon BlackRock Cash Fund – -2.75%
 - Aegon BlackRock Aquila Life UK Equity – 1.75
 - Aegon BlackRock Aquila Life Over 15 Year UK Gilt – -2.75
 - Aegon BlackRock Aquila Life Corporate Bond – -2.25
 - Mixed Asset Retirement Transition Strategy - -2.75-0.75
10. Transaction costs and other charges have been provided by Aegon and cover the period 1 January to 31 December 2021.
11. Pension scheme's normal retirement age is 65.
12. Example members
 - Youngest: age 19, total initial contribution: £300, starting fund value: £700
 - Average active: age 43, total initial contribution: £3,700, starting fund value: £56,000
 - Average deferred: age 52, total contribution: £nil, starting fund value: £92,000