

**ConocoPhillips Pension Plan
Implementation Statement
August 2021**

Background

Willis Towers Watson has prepared this draft Implementation Statement for the Investment Committee of The ConocoPhillips Pension Plan (“the Plan”).

This draft aims to meet the requirements of DC/Hybrid Schemes as set out below and draws on drafting advice issued by the PLSA. The implementation statement must be included in the first report and accounts published after 1 October 2020 and published online once the Annual Report is signed (or by 1 October 2021, whichever is earlier).

BlackRock provided a list of votes they deemed significant in line with the following policy:

“BlackRock Investment Stewardship prioritizes its work around themes that we believe will encourage sound governance practices and deliver sustainable long-term financial performance. The themes we have identified in turn shape our Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which we look at the sustainable long-term financial performance of investee companies.”

From these votes, we have selected those significant votes that occurred during the relevant period of investment in BlackRock Equity Portfolio.

DC/Hybrid

From October 2020 – include in first annual Reports & Accounts document signed on/after 1 October 2020

- 1. Set out how, and the extent to which, in the opinion of the trustees, the statement of investment principles required under section 35 of the 1995 Act has been followed during the year*
- 2. Describe any review of the statement of investment principles undertaken during the year including any review of how the statement of investment principles has been met*
- 3. Explain any change made to the statement of investment principles during the year and the reason for the change*
- 4. Where no review was undertaken during the year give the date of the last review*

By October 2021

Add the below to implementation statement:

Describe the voting behaviour by, or on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) during the year and state any use of services of a proxy voter during that year

We look forward to discussing this draft with the Investment Committee.

Willis Towers Watson

The ConocoPhillips Pension Plan

Implementation Statement

For year ending
31 March 2021

August 2021

Table of Contents

Section 1 : Introduction	2
Section 2 : SIP reviews/changes over the year	3
Section 3 : Adherence to the SIP	4
Section 4 : Voting and engagement	9
Section 5 : Summary and conclusions	12

Section 1: Introduction

This document is the Annual Implementation Statement (the “Statement”) prepared by the Trustee of the ConocoPhillips Pension Plan (the “Plan”) covering the “Plan Year” from 1 April 2020 to 31 March 2021 in relation to the Statement of Investment Principles (“SIP”).

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustee, the Plan’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 Plan year as a result of a review;
- describe the voting behaviour on behalf of the Trustee over the year.

A copy of this implementation statement is made available on the following website:

<https://www.conocophillips.co.uk/pensions-updates/>

Section 2: SIP reviews/changes over the year

The SIP was reviewed and updated once during the Plan Year, with three relevant versions over the year:

1. October 2019 – this was the version in place as at the start of the Plan Year.
2. September 2020 (adopted 21 September 2020) – material changes to the SIP included:
 - As a result of Department for Work and Pensions (DWP) regulations under section 2.3 of the Occupational Pension Schemes Investment Regulations 2005 coming into force from 1 October 2020 – Section 1 was amended to provide detail regarding:
 - How financially material considerations are taken into account over the appropriate time horizon of the investments, including in the selection, retention and realisation of investments.
 - The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments.
 - Policies in relation to stewardship, including engagement with firms and exercise of voting rights.
 - Policies in relation to undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters).
 - Section 2.i was amended to update the long-term target allocation of the Plan
 - Section 2.ii was updated to include the presence of the de-risking triggers, with further detail provided in Appendix B

The September 2020 SIP is the version referenced in the following Sections of this document, where we set out how the principles have been implemented. Where new Trustee policies have been added to the SIP that was in place at the start of the Plan Year, we have referenced how these have been implemented from the time of adoption to the end of the Plan Year.

Section 3: Adherence to the SIP

The SIP comprises the following sections:

- Section 1: Choosing investments
- Section 2: Investment objectives
- Section 3: Risk management
- Section 4: Additional Voluntary Contributions ('AVCs')

Section 1: Choosing investments

Paragraph	SIP Policy	Approach and actions taken over the Plan Year
1-4	Statements of fact setting out the regulations the Trustee must comply with when setting investment strategy and the process for making such decisions.	n/a
5	The Plan uses different managers and mandates to implement its investment policies. The Trustee ensures that, in aggregate, its portfolio is consistent with the policies set out in this Statement. The Trustee will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with its policies, where relevant to the mandate in question.	Over the course of the year, the Trustee reviewed in detail the investment strategy of the Plan to ensure that it remains consistent with its objectives and the policies set out in the SIP. As part of this process, the Trustee appointed a new investment manager, which involved detailed advice and reviews of fund documentation by the Plan's legal and investment advisors and consultation with and support of the Sponsor.
6	Statement of fact regarding the fees paid to the Plan's managers.	n/a
7	The Trustee reviews the costs incurred in managing the Plan's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.	The Trustee reviewed, and where appropriate renegotiated, all investment manager fees over the Plan Year as part of the implementation of the new strategy. Following the end of the Plan Year, the Investment Committee has considered portfolio turnover data provided by each of the Plan's investment managers.
8	Statement of fact regarding the approach the Trustee takes to monitoring managers' performance.	n/a
9	Statement of fact regarding the approach to investment to be taken by the Plan's investment managers.	n/a

<p>10</p>	<p>To maintain alignment with the SIP, investment managers are provided with the relevant sections of the most recent version of the Plan’s Statement of Investment Principles, on at least an annual basis and are required to confirm that the management of the assets is consistent with those policies.</p>	<p>Following the end of the Plan Year, all investment managers have been provided with a copy of the Plan’s SIP and have confirmed receipt. The responses provided by the managers on alignment have been reviewed by the Investment Committee.</p>
<p>11</p>	<p>In the event that the Trustee’s monitoring process reveals that a manager’s portfolio is not aligned with the Trustee’s policies, the Trustee will engage with the investment manager to determine how closer alignment can be achieved. If, following engagement, the Trustee concludes that the degree of alignment remains unsatisfactory, the investment manager may be terminated and replaced.</p>	<p>The Trustee monitors developments at each investment manager alongside the performance of the mandates at its quarterly meetings through reporting provided by the Investment Consultant. In the event of a significant change at an investment manager, the Investment Consultant will provide an update to the Trustee outside of the regular meetings to allow more rapid action to be taken.</p> <p>In relation to the policies of the Plan’s investment managers on corporate governance and ESG, the Trustee receives reporting from the Plan’s Investment Consultant on an annual basis, setting out in detail the approaches of each investment manager and how these have been implemented over the previous year.</p> <p>Following review of the annual report prepared by the Plan’s Investment Consultant, the Trustee has agreed that no changes are required to the Plan’s investment managers at the current time.</p>
<p>12</p>	<p>The Trustee has a policy not to invest directly in securities issued by the Principal Employer or its subsidiaries or associated companies and to ensure that investment in such securities in aggregate across all investments does not constitute more than five percent (5%) of the Plan’s assets.</p>	<p>As at the Plan Year end date, the Plan’s investment managers have confirmed that Employer Related Investments are excluded from all credit investments and that any equity investments in the Principal Employer are below the five percent threshold.</p>

13	<p>The Trustee takes account of all financially material risks and opportunities, including capital structure of investee companies and ESG impact of underlying holdings, in consultation with its advisers. All risks and opportunities are considered for materiality and impact within an integrated risk management framework, which takes account of the Plan's journey plan and funding time horizon. The Trustee's time horizon reflects the time horizon of the Sponsor's business and the Plan's maturing liability profile. The Trustee considers sustainable investment factors, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, in the context of this broader risk management framework.</p>	<p>Over the course of the year, the Trustees conducted a review of the Plan's investment strategy, which utilised an integrated risk model developed by the Plan's Investment Consultant. In determining an overall strategy for the Plan, the Trustee set a target level of return and time horizon for achieving this, taking into account the level of investment risk, contributions and outlook for the Sponsor covenant.</p> <p>In February 2021, the Trustee undertook additional climate change scenario analysis in order to better understand and the potential impacts of different outcomes on the funding position of the Plan.</p>
14	<p>The Trustee's policy is that day-to-day decisions relating to the investment of Plan assets is left to the discretion of its investment managers. This includes consideration of all financially materially factors, including ESG-related issues where relevant. The Trustee explores these issues with its managers to understand how they exercise these duties in practice and receives reports on how these issues are addressed.</p>	<p>On an annual basis, the Trustee receives reporting from the Plan's Investment Consultant setting out in detail the approaches of each investment manager and how these have been implemented over the previous year. Following a review of this report, the Trustee considers whether any matters highlighted should be raised with the Plan's investment managers.</p>
15	<p>When considering the appointment of new managers, and reviewing existing managers, the Trustee, together with its Investment Consultant, looks to take account of the approach taken by managers with respect to sustainable investing including voting policies and engagement where relevant.</p>	<p>The Trustee agreed to appoint three new investment managers over the course of the Plan Year. As part of the appointment of each manager, the Trustee considered the Investment Consultant's assessment of the managers' approaches to sustainability and discussed with each manager how their policies are implemented in practice.</p>
16	<p>Statement of fact relating to the Trustee's expectations for the Plan's investment managers.</p>	<p>n/a</p>

Section 2: Investment objectives

Paragraph	SIP Policy	Approach and actions taken over the Plan Year
1-3	Statements of fact setting out the Trustee’s investment objectives for the Plan.	n/a
4-7	Statements of fact regarding the investment strategy for the Plan and the expected return on the Plan’s assets.	n/a
8	Statement of fact regarding the de-risking triggers set for the Plan.	n/a

Section 3: Risk management

Paragraph	SIP Policy	Approach and actions taken over the Plan Year
1-9	Statements of fact setting out the key risks identified by the Trustee for the Plan and how these are measured and managed.	n/a
10-11	Statements of fact regarding the key risks identified by the Trustee in relation to the AVC fund options.	n/a
12	Statement of fact setting out the Trustee’s policy regarding the use of risk reduction strategies.	n/a
13-15	Statements of fact regarding the guidelines given to investment managers of the Plan.	n/a
16	The Trustee employs a number of investment managers and uses a range of pooled funds with specialist investment objectives. The combined effect of these arrangements on the overall asset allocation of the Plan is monitored regularly by the Investment Consultant and reviewed with the IC and/or Trustee where appropriate.	<p>Over the course of the year, the Trustee reviewed in detail the investment strategy of the Plan to ensure that it remains consistent with its objectives and the policies set out in the SIP.</p> <p>The Trustee monitors developments at each investment manager alongside the performance of the mandates at its quarterly meetings through reporting provided by the Investment Consultant. In the event of a significant change at an investment manager, the Investment Consultant will provide an update to the Trustee outside of the regular meetings to allow more rapid action to be taken.</p>
17	Paragraph 17 is a statement of fact regarding the approach to the realisation of investments.	n/a
18	A set of measurable performance objectives has been developed for the investment managers and pooled funds. Performance in each asset category is compared with a suitable	Where appropriate, the Trustee has selected benchmarks against which to assess each investment manager. Performance is monitored over a quarterly and certain longer timeframes, with

<p>benchmark and an out-performance objective where applicable. The investment managers are expected to demonstrate skill in the management of their portfolios consistent with the performance objectives, given the levels of risks adopted. An external independent performance monitoring agency is used to consider the managers' and funds' performance against their objectives. Investment performance is considered regularly by the Investment Consultant and assessed by the Trustee at least annually.</p>	<p>an emphasis on assessing outcomes over long-term time horizons.</p> <p>Where an appropriate benchmark does not exist for a particular mandate, the Trustee will adopt alternative metrics for assessing a manager's performance.</p>
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Section 4: AVCs

Paragraph	SIP Policy	Approach and actions taken over the Plan Year
1	Statement of fact regarding the AVC arrangements offered by the Plan.	n/a
2	The suitability and appropriateness of these funds is reviewed by the Trustee periodically but not less frequently than annually.	<p>The Investment Committee reviews the range of AVC funds offered to members on an annual basis, considering the value of assets invested in the AVC funds, their performance and their fees. This was undertaken during Q2 2020.</p> <p>On a periodic basis the Trustee also reviews the Plan's AVC platform provider. Such a review has been commenced following the end of the Plan Year.</p>
3	Statement of fact regarding the transfer of AVC assets from Equitable Life to Utmost.	n/a
4	Statement of fact regarding references to pooled funds.	n/a

Section 4: Voting and engagement

In keeping with its policy stated in the SIP, the Trustee has delegated to the Plan's investment managers the responsibility for exercising ownership rights attaching to investments and relating to day to day considerations affecting sustainable investment (including environment, social and governance factors) and stewardship activities (including voting and engagement). The Trustee has not set any specific guidelines around manager voting.

The Plan's investment funds cover a range of asset classes. At the Plan Year end date the only assets with voting rights associated are equity funds of which Blackrock is the sole investment manager. Those within DB are passively managed. Within the AVC arrangements and given the number of fund options available, only the voting data related to the core fund range and those which hold the largest amount of AVC funds are shown.

Plan section	Manager and strategy	Portfolio structure	Voting activity	Most significant votes cast	Use of proxy voting ⁽¹⁾
DB	BlackRock Aquila Life MSCI World Fund	Pooled equity fund	<p>Number of votes cast: 14,330</p> <p>Percentage of eligible votes cast: 99%</p> <p>Percentage of votes with management: 92%</p> <p>Percentage of votes against management: 7%</p> <p>Percentage of votes abstained from: 0%</p>	<p>Company: Chr. Hansen Holding A/S</p> <p>Resolution: Starting from Financial Year 2020/21, the Company must apply the Recommendations of the TCFD as the Framework for Climate-Related Disclosure in the Company's Annual Report</p> <p>Decision: FOR</p> <p>Rationale: Supported proposal given the expectations BIS has outlined for all companies to report in line with TCFD and intended to accelerate the company's efforts.</p> <p>Company: National Australia Bank</p> <p>Resolution: Transition Planning Disclosure</p> <p>Decision: FOR</p> <p>Rationale: May support a shareholder proposal that addresses material business risks, even if management is on track, but we believe that voting in favour might accelerate their progress and the shareholder proposal is not unduly constraining to management.</p>	<p>BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS). The analysts with each team will generally determine how to vote at the meetings of the companies they cover.</p> <p>We do not follow any single proxy research firm's voting recommendations and in most markets, we subscribe to two research providers and use several other inputs, including a company's own disclosures, in our voting and engagement analysis</p> <p>We also work with proxy research firms, which apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial.</p> <p>The proxy voting operating environment is complex and we work with proxy research firms to execute vote instructions,</p>

AVC	BlackRock Managed (50:50) Global Equity Pension Fund	Pooled equity fund	<p>Number of votes cast: 39,755</p> <p>Percentage of eligible votes cast: 95%</p> <p>Percentage of votes with management: 94%</p> <p>Percentage of votes against management: 6%</p> <p>Percentage of votes abstained from: 1%</p>	<p>Company: Exxon Mobil Corporation</p> <p>Resolution: Require Independent Board Chair</p> <p>Decision: FOR</p> <p>Rationale: Supported proposal on account of the belief that the Board would benefit from a more robust independent leadership structure given the concerns noted below.</p> <p>Company: Chevron Corporation</p> <p>Resolution: Report on Climate Lobbying Aligned with Paris Agreement Goals</p> <p>Decision: FOR</p> <p>Rationale: Supported proposal as greater transparency into the company’s approach to political spending and lobbying as aligned with their stated support for the Paris Agreement will help articulate consistency between private and public messaging in the context of managing climate risk and the transition to a lower-carbon economy.</p>	<p>manage client accounts in relation to voting and facilitate client reporting on voting</p> <p>Please refer above.</p>
AVC	BlackRock ACS World ex-UK Equity Pension Fund	Pooled equity fund	<p>Number of votes cast: 25,077</p> <p>Percentage of eligible votes cast: 92%</p> <p>Percentage of votes with management: 94%</p> <p>Percentage of votes against management: 6%</p> <p>Percentage of votes abstained from: 0%</p>	<p>Company: Mizuho Financial Group</p> <p>Resolution: Amend Articles to disclose plan outlining Company’s Business Strategy to align investments with goals of Paris Agreement</p> <p>Decision: AGAINST</p> <p>Rationale: Independent fiduciary reported that it took into consideration the company’s policies and announcements and determined that the company now has policies in place that address the issues raised in the proposal.</p> <p>Company: Danske Bank A/S</p> <p>Resolution: Approve Board Remuneration for 2020 and 2021</p>	<p>Please refer above.</p>

AVC	BlackRock iShares UK Equity Index Pension Fund	Pooled equity fund	<p>Number of votes cast: 15,261</p> <p>Percentage of eligible votes cast: 97%</p> <p>Percentage of votes with management: 94%</p> <p>Percentage of votes against management: 6%</p> <p>Percentage of votes abstained from: 0%</p>	<p>Decision: AGAINST</p> <p>Rationale: Whilst recognising that the Bank's circumstances might require more oversight from the Board, we don't believe that such sizeable increases are warranted across all roles.</p> <p>Company: Royal Dutch Shell plc</p> <p>Resolution: Request Shell to set and publish targets for greenhouse gas (GHG) emissions</p> <p>Decision: AGAINST</p> <p>Rationale: Given the progress towards aligning its reporting with TCFD recommendations and its responsiveness to shareholder engagement on portfolio resilience and reduction of emissions, we are supportive of management for the time being, voting as management recommended.</p> <p>Company: Daimler AG</p> <p>Resolution: Amendment of Article 16 of the Articles of Incorporation (Annual Meeting – Resolution)</p> <p>Decision: Against</p> <p>Rationale: Voted against, given concerns about the reduction in shareholder rights from the proposed article amendment.</p>	Please refer above.
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(1) Statement provided by BlackRock of its voting policy

Section 5: Summary and conclusions

Overall the Trustee believes the policies outlined in the SIP have been followed during the Plan Year.