

# National Oilwell (UK) Limited Pension Plan

## Implementation Statement for year ending 31 December 2023

### 1) Overview

This document is the Annual Implementation Statement (the “statement”) prepared by the Trustee of the National Oilwell Limited Pension Plan (the “Plan”) covering the Plan year from 1 January 2023 to 31 December 2023.

The purpose of this statement is to set out:

- Details of how and the extent to which, in the opinion of the Trustee, the Trustee’s policies on manager engagement and voting as set out in the Statement of Investment Principles (the “SIP”) have been adhered to during the year; and
- A description of voting behaviour (including the most significant votes made on behalf of the Trustee) and any use of a proxy voting services during the year.

The SIP is a document which outlines the Trustee’s policies with respect to various aspects related to investing and managing the Plan’s assets including but not limited to: investment managers, portfolio construction and risks.

The latest version of the SIP can be found online here: <https://www.nov.com/policies>.

### 2) Adherence to the Trustee’s engagement and voting policies

The Trustee’s policies on voting and engagement as stated in the SIP are provided in the below extract:

**Investment manager engagement and monitoring:** To maintain alignment with the Trustee’s overall investment objectives and policies (including the Trustee’s views on sustainable investments), the investment managers are provided with the most recent version of the Plan’s Statement of Investment Principles on an annual basis and are required to confirm that the management of the assets is consistent with those policies relevant to the mandate in question. This incentivises managers to maintain alignment in order to maintain their appointments, noting that the use of pooled funds places limitations on this.

The Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods and investment managers are selected with this in mind. Managers are incentivised to do this in order to maintain their appointments. The appropriateness of the Plan’s allocation to such mandates is determined in the context of the Plan’s overall objectives.

The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Plan’s assets. When assessing a manager’s performance, the focus is on longer-term outcomes, and the Trustee would 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 such as a significant change in business structure or the investment team.

The Plan uses many 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, in particular

those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). 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.

Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The fees are reviewed on an annual basis throughout their appointment. The Trustee also monitors portfolio turnover costs as part of its monitoring of investment performance, with advice from the investment consultant. The Trustee does not have its own target for the turnover over assets, given the use of pooled funds.

Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.

**Exercise of Voting Rights:** The Trustee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the managers have produced written guidelines of their process and practice in this regard. The managers are encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies and to engage with the organisations with whom they invest.

Overall the Trustee believes the policies outlined in the SIP have been adhered to during the Plan year.

### 3) Turnover information

The Trustee's investment consultant monitors the investment managers' portfolio turnover and confirms that, over the Scheme year, portfolio turnover was broadly in line with expectations and therefore there were no particular concerns highlighted around inappropriate costs being incurred.

Information on portfolio turnover as provided by the investment managers is given below:

Note: Turnover is defined as the lesser of the value of purchases or the value of sales divided by average annual market value.

Mandate	Manager	Expected long-term level of portfolio turnover pa	Fund Activity*
Core Diversified Fund	TWIM	25%	1251%
Over 5y IL Gilts Index	LGIM	Not provided**	14.6%
Over 15 Year Gilts Index	LGIM	Not provided**	50.0%

\* % turnover over the trailing 12 month period as at 31 December 2023

\*\* Indexation based so turnover levels are restricted to following the underlying index being tracked

### 4) Voting information

This section focusses on the equity investments of the Plan, which have voting rights attached to the investments. The Plan held equities within the Core Diversified Fund ("CDF"), managed by Towers Watson Investment Management for the majority of the Plan year. There was a full redemption from this fund in

November 2023 therefore voting data for the year has been provided given it was held throughout the majority of the Plan year. Further details of this fund and voting activity can be found below:

**TWIM Core Diversified Fund:** The investment objective of the fund is to seek an attractive risk-adjusted total return on a medium-term and long-term basis through investing in a range of mainstream and alternative asset classes. The Fund will typically invest in a combination of equity funds, real asset funds, diversifying strategies funds and credit funds

As set out in the SIP, the Trustee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the managers have produced written guidelines of their process and practice in this regard. The managers are encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies and to engage with the organisations with whom they invest.

The below table sets out the voting activity of the CDF, on behalf of the Plan, over the 12 months to 31 December 2023. Managers within the CDF with voting rights attached to the investment represented 54% of total CDF assets at this date.

Fund	Voting activity
TWIM Core Diversified Fund	Number of meetings at which the manager was eligible to vote: 3,211 Number of resolutions on which manager was eligible to vote: 42,932 Percentage of eligible votes cast: 94.7% Percentage of votes with management: 85.9% Percentage of votes against management: 13.60% Percentage of votes abstained from: 0.5% Percentage of meetings voted at least once against management: 66.0% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 3.2%

The appendix to this statement includes details on the significant votes cast by the TWIM CDF on the Trustee's behalf over the 12 months to 31 December 2023 (up to the date of disinvestment).

## 5) Summary

The Trustee believes that the Plan's Engagement and Voting policies, as outlined in the SIP, have been adhered to over the Plan year.

Following monitoring of the Plan's investment managers over the year, and reviewing the voting information outlined in this statement, the Trustee is satisfied that its investment managers are acting in the Plan members' best interest and are effective stewards of the Plan's assets.

The Trustee will continue to monitor the investment managers' stewardship practices on an ongoing basis.

## Appendix – Significant votes data

## TWIM CDF:

Most significant votes cast
<p>Company: <b>Amazon</b></p> <p>Meeting Date: <b>24-May-23</b></p> <p>Type of resolution: <b>Commission a Third Party Audit on Working Conditions</b></p> <p>How the manager voted: <b>For</b></p> <p>Rationale: <b>Promotes transparency on warehouse working conditions.</b></p> <p>Vote outcome: Not Approved</p>
<p>Company: <b>Alphabet</b></p> <p>Meeting Date: <b>02-Jun-23</b></p> <p>Type of resolution: <b>Report on Risks of Doing Business in Countries with Significant Human Rights Concerns</b></p> <p>How the manager voted: <b>For</b></p> <p>Rationale: <b>The proposal was regarding greater transparency related to business conducted in places with significant human rights concerns. The siting of cloud datacenters and strategy for mitigating related country risk seems like appropriate and material topics for disclosure.</b></p> <p>Vote outcome: <b>Not Approved</b></p>
<p>Company: <b>Meta Platforms, Inc.</b></p> <p>Meeting Date: <b>31-May-23</b></p> <p>Type of resolution: <b>Approve Recapitalization Plan for all Stock to Have One-vote per Share</b></p> <p>How the manager voted: <b>For</b></p> <p>Rationale: <b>The Manager voted for this proposal, as it would convey to the board nonaffiliated shareholders' preference for a capital structure in which the levels of economic ownership is the same across all share classes.</b></p> <p>Vote outcome: <b>Not Approved</b></p>