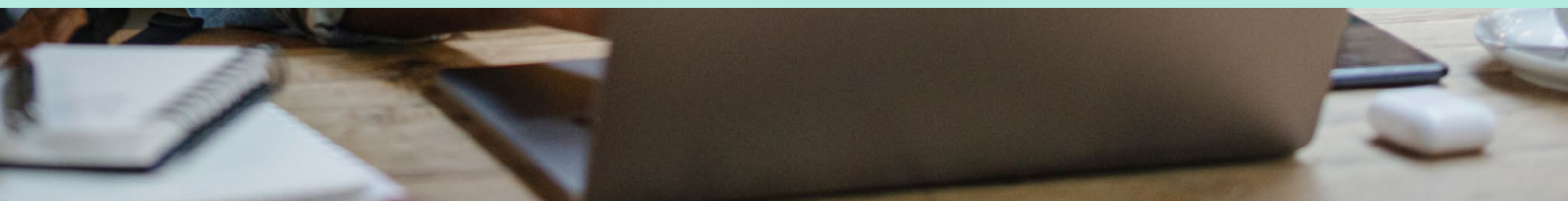


# AEGON MASTER TRUST



## Implementation Statement



## Summary of key purpose of Implementation Statement

In accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (the “**Disclosure Regulations**”), this Implementation Statement:

- sets out how, and the extent to which the Statement of Investment Principles (“SIP”) has been followed during the Scheme Year;
- describes any review of the SIP undertaken in accordance with the Occupational Pension Schemes (Investment) Regulations 2005 (the “**Investment Regulations**”) during the Scheme Year, and any other review of how the SIP has been met;
- explains any change made to the SIP during the Scheme Year and the reason for the change;
- describes the voting behaviour by, or on behalf of, the Trustees (including the ‘most significant votes’ cast by the Trustees or on their behalf) during the year and any use of proxy voter services.

It also reflects the Department for Work and Pensions (DWP) Statutory Guidance on Reporting and Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement (the “**DWP Stewardship Guidance**”), which came into effect from 1 October 2022. This includes the requirement to state how, and the extent to which the policy covered in the SIP regarding the exercise of the rights (including voting rights) attached to the Scheme’s investments; and the undertaking of engagement activities in respect of the Scheme’s investments, has been followed during the Scheme Year.

This Implementation Statement covers the period 1 April 2022 to 31 March 2023 (the “**Scheme Year**”).

## Updates to the Statement of Investment Principles during the Scheme Year

In accordance with the Investment Regulations, the SIP must be reviewed at least every three years and without delay after any significant change in investment policy. The default strategy must also be reviewed after any significant change in the demographic profile of relevant Members.

A revised SIP was adopted in September 2021.

It was further updated, during the Scheme Year, on 2 September 2022 to reflect the addition of three funds (Aegon Baillie Gifford Positive Change; Aegon HSBC Developed World Sustainable Equity Index, and Aegon Ninety One Global Multi-Asset Sustainable Growth) to the Core Fund Range and to one Advised Notional Section (now referred to as Bespoke Notional Sections), together with an update on the Sun Life of Canada 2015 Employee Pension Plan default arrangements. The Trustees also clarified that they would annually review how asset managers align with, and reflect, the Trustees' investment and stewardship priorities and policies.

This Implementation Statement explains how the Scheme followed and acted on the Trustees' investment policies outlined in the two applicable SIPs during the Scheme Year (the SIP adopted by the Trustees in September 2021 and the revised version adopted in September 2022).

Since the end of the Scheme Year, the SIP has been further updated and this will be reported on in next year's implementation statement.

The latest SIP can be found online at the web address <https://www.aegon.co.uk/workplace/employers/targetplan/master-trust.html> or is available to Members on request.



## Executive Summary

In summary, this Implementation Statement details the following.

How the Trustees followed the key policies outlined in the two applicable SIPs during the Scheme Year (the SIP adopted by the Trustees on 15 September 2021 and the subsequent version adopted in September 2022). This includes the Scheme's investment strategy, financially material and non-financial factors, and arrangements with asset managers.

- **Key policies in the Statement of Investment Principles**, page 114

What the Trustees have done in relation to stewardship (the exercise of rights attached to investments) and engagement activities with asset managers. This includes monitoring asset managers' engagement with underlying investee companies, in the funds they manage on behalf of the Trustees.

- **Sustainability, engagement and stewardship**, page 127
- **Responsible investment asset manager monitoring**, page 128
- **Trustee assessment of BlackRock as principal asset manager**, page 130
- **Summary of engagement activity by asset managers**, page 133
- **Broader considerations related to stewardship**, page 146

Whether voting by asset managers on the Trustees' behalf, during the Scheme Year, reflected the Trustees' investment beliefs and policies. This includes 'most significant votes and voting records for all funds offered by the Scheme, where the asset manager was eligible to vote.

- **Monitoring of asset manager voting behaviour**, page 129
- **Summary of voting behaviour and most significant votes**, page 138
- **Appendix – Record of most significant votes**, page 138
- **Appendix – Voting record for all funds, where asset manager eligible to vote**, page 147

## Implementation Statement

This statement confirms that, in the opinion of the Trustees, the Scheme has followed the investment policies set out in the applicable SIP during the Scheme Year. The Trustees consider that implementation of these policies during the Scheme Year has driven long-term value for the Scheme's beneficiaries and stewardship activity (including voting) undertaken on the Trustees' behalf reflects the Trustees' stewardship principles, responsible investment beliefs and the way in which it expects the Scheme's assets to be managed.

## Signed

**Ian Pittaway, for and on behalf of**

**Independent Trustee Limited, Chair of Trustees**

**Date: 14 September 2023**

## Key policies in the Statement of Investment Principles

The Trustees have established an AMT Investment Sub-Committee to ensure the key topic of investments within the Scheme receives regular, focused oversight. The Investment Sub-Committee reviews the Scheme investment offering in accordance with the Statement of Investment Principles (“SIP”) and takes actions as are necessary to ensure the SIP is followed. Any full review of the SIP required under the Investment Regulations will be carried out by the Investment Sub-Committee and the Investment Sub-Committee will recommend any changes to the SIP to the full Trustee Board.

The following table lists key policies set out in the September 2022 SIP, which are unchanged from the 2021 SIP, and a description of the Trustees’ actions in relation to each policy. It is this link from policy, to monitoring and reporting that provides the confirmation that, in the opinion of the Trustees, the Scheme has followed the investment policies set out in the SIP during the Scheme Year.

Policy	Commentary
<p><b>Choosing investments / monitoring</b></p> <p>Investment beliefs are guiding principles which inform the investment strategy, design of the default arrangements and the number and type of other investment options the Trustees make available to Members.</p> <p>The Trustees' investment beliefs:</p> <ul style="list-style-type: none"> <li><b>i.</b> Default arrangements should reduce Members' exposure to investment risk through their lifetime, as well as reflect their likely benefit choices.</li> <li><b>ii.</b> The fund range should meet the needs of the target market and these should be presented in a simple way that helps to combat common behavioural biases.</li> <li><b>iii.</b> Other self-select investment options should be offered to meet the differing risk and goal preferences of Members.</li> <li><b>iv.</b> As long-term investors the fund range should incorporate a sustainable investing framework.</li> </ul> <p>In keeping with the investment beliefs (set out above), the Trustees have designed their investment strategy to provide a suitable range of funds to Members so they can save for retirement. The fund range includes investments suitable to Members of different ages, with different retirement benefit plans and different attitudes to risk. In designing the fund range, the Trustees have taken advice from their investment advisers and, where appropriate, input from specialists employed by the Scheme's insurer (Aegon). The Trustees are aware some Members will not want to make decisions about where to save their contributions, whilst others will want to exercise differing amounts of control. The Trustees have designed the fund range to best meet these differing needs, as well as to cater for Members wanting to take income drawdown in retirement.</p>	<p>The Investment Sub-Committee has met regularly throughout Scheme Year to consider, oversee and, in respect of certain matters, approve on behalf of the Trustee Board matters relating to the management of investment performance of the Scheme's investments. The Investment Sub-Committee's role includes considering any requests for new funds, including defaults, by existing or potential Participating Employers, and overseeing the Scheme's Advised (Bespoke) Notional Sections. To reflect this, the Trustee Board made minor changes to the Investment Sub-Committee Terms of Reference.</p> <p>Quarterly Management Information (MI) packs, detailing information on underlying investment performance, strategy and overall risks, were considered at relevant Investment Sub-Committee and Trustee meetings, with attendance by the Aegon CIO and senior members of the Aegon Investment Solutions team. The independent investment adviser, Isio, also attended these meetings to provide advice and guidance. These reports are continually evolved to meet Trustees' brief for clear and consistent MI and to incorporate new regulatory requirements.</p> <p>The Investment Sub-Committee receives an annual assessment of transaction costs including review of competitor funds. This includes a comparison between passive and active fund transaction costs and provides monitoring of the impact of any agreed changes. The MI allows the Investment Sub-Committee to follow up with any asset managers identified as outliers, in relation to transaction costs, to ensure there is explanation or action to address transaction costs. As part of the Scheme Assurance Audit, for period ended 31 December 2021, carried out by Evelyn Partners (formerly Nexia Smith and Williamson) a findings report was produced which detailed potential areas for improvement to give the Trustees evidence the data is complete and accurate. Those changes have been implemented this Scheme Year.</p>

Policy	Commentary
<p>The Trustees review the performance of each fund in the range offered against the stated performance objective for that fund. The Trustees receive quarterly reports to facilitate this. Quarterly three-year rolling performance and investment risk is typically assessed against each fund's objectives and relevant benchmark.</p> <p>There is a fuller review annually to ensure fund managers have implemented their mandate correctly and comply with the policies set by the Trustees. This annual review includes a review of all fund costs, including transaction costs by individual fund, to ensure that each fund delivers value for money after all costs.</p> <p><b>Default designs</b></p> <p>The Trustees are aware that some Members will not want to make decisions about where to save their contributions, whilst others will want to exercise differing amounts of control. The Trustees have designed the fund range to best meet these differing needs, as well as to cater for Members wanting to take income drawdown in retirement.</p> <p>The Trustees recognise that risks are inherent in retirement savings. The Trustees have to strike a balance between taking sufficient investment risk to achieve good investment returns while ensuring that default arrangements (in particular) are not exposed to excessive risk when Members are about to retire.</p> <p>The Scheme's LifePath funds are pre-designed investment strategies that change the way the funds are invested based on the year that the Member expects to retire, known as the Member's 'Target Retirement Age'.</p>	<p>Aegon has an obligation to undertake fund governance oversight on behalf of the Trustees, to ensure that the fund options available to Members operate in line with expectations and deliver good customer outcomes. This activity is undertaken on all funds offered to Members in accordance with the regulatory requirements.</p> <p>Management Information (MI) on environmental, social and governance (ESG) Integration in default funds is discussed at each Investment Sub-Committee meeting, and there has been additional collaboration with BlackRock over ESG integration within the LifePath funds (detailed below).</p> <p>The Investment Sub-Committee and the wider Trustee Board have received quarterly performance reports on the standard default fund, Aegon BlackRock LifePath Flexi, the two variants Aegon BlackRock LifePath Capital and Aegon BlackRock LifePath Retirement and any Advised (Bespoke) Notional Section defaults. These reports detail quartile performance against a group of similar competitors' funds over different time periods. The assessment was updated in the Scheme year following advice from Isio to further ensure appropriate competitor comparison.</p> <p>Additional data requests are made, and discussions held as required; for instance, BlackRock were asked for additional data on performance against the benchmark (May 11 Investment Sub-Committee); a meeting was held with BlackRock (November 2022) to discuss performance and to understand potential changes to fixed income holdings. This meeting also covered the length of the de-risking process as part of the age-aware investment strategy, which is longer for the Aegon BlackRock LifePath funds than used in the default strategies of the peer group.</p>

Policy	Commentary
<p>There are three LifePath versions:</p> <ul style="list-style-type: none"> <li>• Aegon BlackRock LifePath Flexi fund: for Members planning to leave their savings invested and to draw income, or ad-hoc one-off amounts from their savings at retirement.</li> <li>• Aegon BlackRock LifePath Retirement fund: for those planning to buy an annuity at their Target Retirement Age.</li> <li>• Aegon BlackRock LifePath Capital fund: for those planning to take their savings as a one-off cash sum.</li> </ul> <p>The Trustees have designated the Aegon BlackRock LifePath Flexi as the standard default investment option for Members, which is used as the default option by Participating Employers not wishing to implement an alternative default. The standard default option is compliant with the charge cap.</p> <p>If a Member (or their employer on their behalf) does not make an investment choice, they will be automatically defaulted into the Aegon BlackRock LifePath Flexi fund, with a target date which most closely matches their own Target Retirement Age.</p>	<p>Isio confirmed to Trustees that they remain positive over the choice of options as default solutions.</p> <p>The ISC have met with BlackRock (November 2022) to discuss BlackRock's progress on ESG integration and to again call for a climate change objective for the Aegon BlackRock LifePath funds.</p> <p>Following a review by the Sun Life of Canada 2015 Employee Pension Plan's independent investment adviser, subsequently agreed by the Trustees, the Sun Life of Canada 2015 Employee Pension Plan has moved to use standard default Aegon BlackRock LifePath funds (advice covered choice of Flexi, Capital and Retirement to suit different cohorts within the Sun Life of Canada 2015 Employee Pension Plan membership).</p> <p>The Aegon BlackRock LifePath target date funds manage Members' savings using an age-aware investment strategy, altering the asset allocation as a Member approaches their target retirement date. This is constantly reviewed and considered as part of the performance updates and discussions with Isio, Aegon, and where necessary BlackRock.</p> <p>The Trustees have created their choice of funds to cater for Members looking to limit the risk of poor performance close to retirement. This was reviewed and considered as part of the Independent Investment Review, which took place during the 2021-22 Scheme year.</p> <p>The Trustees have discussed near retirement performance with BlackRock and explored a change in the fixed interest strategy. This will be implemented in the following Scheme year.</p>



Policy	Commentary
<p><b>Balance of different kinds of investments</b></p> <p>The Trustees have created the fund range to enable Members to gain access to a range of asset classes and markets taking account of a number of different risks. The fund range includes choices suitable for Members of different ages and with different retirement benefit plans. In deciding the types of assets to include the Trustees consider investment returns net of charges.</p> <p>The Trustees consider the merits of both active and passive management strategies and may select different approaches for different asset classes. The Scheme is permitted to invest in a wide range of asset classes including equities (both in the UK and overseas), bonds (both in the UK and overseas), cash, commercial property, alternatives and specialist funds (including ethical and Sharia).</p> <p>The Trustees have designed the Core Fund Range to include a limited number of choices which includes both passive and active funds covering multi-asset and single asset strategies. This aims to provide Members with the flexibility to construct their own investment strategies and is likely to cater for varying individual needs. In particular, two choices have been included which support Members with specific investment requirements: Sharia-compliant investing and ethical investing.</p>	<p>During the Scheme year, the SIP was reviewed and revised by the Trustee Board on 2 September 2022 to reflect the addition of three funds to the Core Fund Range: Aegon Baillie Gifford Positive Change; Aegon HSBC Developed World Sustainable Equity Index; Aegon Ninety One Global Multi-Asset Sustainable Growth.</p> <p>Throughout Scheme Year Trustees have received quarterly fund reviews and had the opportunity to discuss these with Aegon Investment team and Isio at Investment Sub-Committee and Trustee meetings. Additional reviews were requested, ad hoc where required, for instance the Investment Sub-Committee in November 2022 noted the performance of the Baillie Gifford Positive Change fund and asked that a detailed review be carried out on the fund, including its underlying components - no significant issues were identified in the review.</p> <p>During the Scheme Year the Trustees have worked extensively with Aegon and Isio to review the Core Fund Range to create new range to be available in the next Scheme Year (the AMT Fund Range). The new range takes a modern, competitive and balanced approach based on market insight and the evolving requirements of Members and is in line with the Trustees' Investment Beliefs and responsible investment beliefs set out in the SIP.</p> <p>The key principles of the fund range review were:</p> <ul style="list-style-type: none"> <li>• Analysis of how the current range meets the spectrum of needs for Members who opt out of the default.</li> <li>• A review by Isio with specific regard to ESG credentials and Member benefit/choice to aid in the selection of funds proposed for the range.</li> <li>• Analysis to ensure the range covers different risk levels to allow Members to select against their own risk appetite.</li> <li>• Analysis to ensure range includes Shariah equity funds and Sustainable funds across asset classes.</li> </ul>

[9] Please bear in mind that the value of investments may go down as well as up and the final value of a member's pension pot may be less than has been paid in. There's no guarantee funds will meet their objectives. Funds investing in a single asset class, for example UK equities, should only be used as part of a diversified portfolio. Any charts are for illustrative purposes only, and we reserve the right to change funds' asset allocations and charges. You should get financial advice if you're not sure whether an investment or product is right for you.

Policy	Commentary
	<ul style="list-style-type: none"> <li>• The review has an assumed preference for passive management due to lower fees, and comparable long-term performance compared to actively managed equivalent funds. Actively managed funds are only included where there is clear Member benefit. Isio have additionally advised on the best management style for each asset class.</li> <li>• Work, and research with Members to ensure naming conventions for the range clearly signpost depth of ESG integration in each fund to allow Members to select against their own preferences. The new fund range will adopt naming conventions to ensure choice is clear and understandable, based on Member feedback via Aegon Customer Panel and referencing FCA guidance. The word 'sustainable' is only integrated into the naming of the funds where supported in the objectives of the underlying funds.</li> <li>• Work has been undertaken to ensure alignment with the FCA's Guiding Principles on ESG and Sustainable Investment Funds.</li> <li>• The Investment Association's Responsible Investment Spectrum has been used to guide fund categorisation throughout the review to ensure clarity for Members.</li> <li>• The review has taken account of market insight, including competitor analysis and feedback from a number of employers via Aegon's Distribution team. This has given the review a basis for the 'ideal' range size for both ease of choice and depth of choice.</li> <li>• Identified key principles for fund removal to be adopted during implementation of approved changes.</li> </ul> <p>The Trustees also requested a comparison of the revised self-select fund range (known as the AMT Fund Range) against competitor funds during the design of the range.</p>

Policy	Commentary
<p><b>Advised (Bespoke) Notional Sections</b></p> <p>The Trustees recognise that some participating employers, working with their own advisers, wish to access a wider range of investment funds than are currently available in the core range offering or to use a different default arrangement. For those Employers, the Trustees will consider an advised notional section to achieve the best outcome for members taking account of the Employer’s proposals.</p> <p>The Trustees will take written independent investment advice on the appropriateness of any new funds that are proposed as default arrangements, or as additional self-select funds for a particular member cohort, including an assessment of value for money to Members.</p> <p>The Trustees will take into account the investment risks and objectives identified in this Statement of Investment Principles for each advised notional section. Additionally, the Trustees will seek to ensure any proposed default or addition to the core fund range is appropriate to the member needs and consider whether there are existing funds in the Core Fund Range that are comparative to those being proposed.</p> <p>Investments within advised notional sections must align with our Responsible Business beliefs and any underlying Investment Manager must comply with both the UN Principles for Responsible Investment (UNPRI) and the Financial Reporting Council Stewardship Code.</p> <p>All advised notional section arrangements will be subject to ongoing performance review and the same standards of Fund Governance monitoring. The Trustees require quarterly reports on how funds performed each quarter on an ongoing basis.</p>	<p>The Trustees are now referring to Advised Notional Sections as Bespoke Notional Sections, and this is reflected in the SIP which was published in May 2023, outside the Scheme year.</p> <p>There is a formal review scheduled every three years of the Advised (Bespoke) Notional Sections.</p> <ul style="list-style-type: none"> <li>• Six Advised (Bespoke) Notional Sections reviews were completed in February 2022, immediately prior to this Scheme Year. Those reviews led to agreed changes that have been implemented across the last Scheme Year, the current Scheme Year and will be completed in the following Scheme Year. Those changes were noted in the SIP of September 2022, and are to be further updated in revisions to the SIP in the next Scheme Year once implemented. Following implementation of the changes these Employer schemes will no longer be classed as Advised (Bespoke) Notional Sections. All Members of those Advised (Bespoke) Notional Sections have received explanatory communications.</li> <li>• The review of the Sun Life of Canada 2015 Employee Pension Plan’s Advised (Bespoke) Notional Section by the Employer’s Scheme adviser was received by Trustees in March 2023. The review recommended that the current bespoke self-select range is replaced with the new AMT Fund Range and the addition of one bespoke fund. Isio confirmed their view that retaining this fund is sensible. That one bespoke fund means the Scheme will remain a Bespoke Notional Section going forward. The review recommended all Members are moved into Aegon BlackRock LifePath default funds unless they selected otherwise.</li> <li>• Remaining Advised (Bespoke) Notional Sections are due for reviews in the period up to April 2025.</li> </ul>

Policy	Commentary
<p>Advised notional sections will be reviewed formally by the Trustees every three years (or more regularly as provided elsewhere in this SIP) supported by independent investment advisers and Aegon's Investment Governance Team to ensure the funds which have been made available to members of the Advised Notional Sections remain appropriate.</p> <p><b>Investment risks – inflation</b></p> <p>The value of a basket of goods will increase in the future because of inflation, therefore the performance of Member funds must generally keep pace with this increase, to protect what is known as the real value of Member savings. The Trustees have defined their investment choices to provide options for Members looking to grow the value of their savings.</p> <p><b>Investment risks – interest rates</b></p> <p>There is a risk that a decline in interest rates could materially reduce the amount of income which can be generated from a given level of capital. Such a risk can occur suddenly and potentially near the point of retirement. It can be partially mitigated through the Lifepath Retirement Fund which changes its mix of assets in the 10 years prior to retirement by investing in UK government gilts and other fixed interest securities designed to match annuity rates.</p>	<ul style="list-style-type: none"> <li>All funds offered in an Advised (Bespoke) Notional Section are included in the Quarterly MI reporting. The Investment Sub-Committee are able to request further reviews and analysis as required. In the Scheme Year the Investment Sub-Committee requested such analysis of the actively managed funds available to Members of the Advised (Bespoke) Notional Section of the SG Retirement Savings Plan to better understand the implications of the MI data. The funds were generally performing as expected given their fund objectives. The Investment Sub-Committee requested further discussions with the SG Retirement Savings Plan to better understand the fund strategy behind one fund's blend. This is to be followed up in the next Scheme Year.</li> </ul> <p>Inflation is a key risk closely monitored and managed as part of the Aegon BlackRock LifePath management framework.</p> <p>The Aegon BlackRock LifePath fund in its Early Days stage is designed to use 100% equity, or equity like, with the intention to stay ahead of inflation in the long-term.</p> <p>Interest rate risk is designed to be partially mitigated through option of the Aegon BlackRock Lifepath Retirement fund which changes its mix of assets in the 10 years prior to retirement by investing in cash, UK government bonds and other fixed income securities. During the Scheme year, the value of bonds fell, the impact of this can be seen in the performance of the At Retirement stage of this fund. However, as annuity rates have improved in this period due to the relationship between UK government bonds and annuity rates, Members retiring during the Scheme year may not feel the full impact of the Aegon BlackRock Lifepath Retirement fund's fall in performance.</p>

Policy	Commentary
<p><b>Investment risks – liquidity</b></p> <p>Some investments such as property or shares in private companies are not easy to sell, and therefore it can take some time to get money returned or transferred to another fund. The Trustees have limited this risk by offering funds which are generally more liquid rather than illiquid.</p>	<p>The Trustees met with BlackRock in November to discuss these issues and the steps being taken to address Aegon BlackRock LifePath’s short-term performance. BlackRock highlighted the extreme moves in interest rates, currencies and the value of UK assets had impacted returns. A number of research themes were discussed, and it was agreed changes will be implemented before the end of the 2023-24 Scheme Year. While the year’s market conditions were considered, these changes were part of a wider review of the strategy.</p> <p>The Trustees make funds available which invest in generally liquid underlying investments which means they can be sold quickly.</p> <p>The Trustees make funds available which primarily invest in passive funds tracking their respective index, with weighting bias in large liquid stocks.</p> <p>The risks associated with one fund – Aegon Property – with exposure to potentially illiquid commercial property assets are clearly communicated to Members with specific communication plans for options in the case of fund suspension.</p> <p>In the review of the Core Fund Range the Trustees have examined the property fund and other potential illiquid asset classes to ensure they are suited to the Members and have looked for a property fund structure that that has more mitigation of liquidity risk in its strategy. The Aegon Property fund will be replaced as part of the implementation of the new AMT Fund Range.</p>

Policy	Commentary
<p><b>Investment risks – diversification</b></p> <p>Keeping all your eggs in one basket or holding a limited number of different investments increases the risk of losing money if one particular investment underperforms. So funds holding a greater number of different shares or types of investments help to increase diversification and therefore reduce risk. The Trustees have designed the fund range to provide appropriate levels of diversification in each of the fund options.</p> <p><b>Investment risks – volatility</b></p> <p>The performance of the funds will at different points go up and will also go down; we call this volatility. Those funds which have a chance of earning more money for Members over the longer term are likely to see greater volatility over short periods.</p> <p>The Trustees have provided a range of carefully considered choices which balance the needs of investment growth and risk. The LifePath target date funds available in the Scheme and a number of other funds are designed to mitigate this risk through diversification across a wide range of asset classes.</p>	<p>Quarterly investment reports begin with macroeconomic summary covering geopolitical and market issues. In the Scheme Year this has included assessment of the economic impact from Russia's invasion of Ukraine and subsequent market volatility.</p> <p>All default fund options are well diversified across asset classes, geographies, and industry sectors.</p> <p>The Core Fund Range review has challenged 'home bias' of any UK centric fund choice to ensure a global approach to the investment options.</p> <p>In review of the Core Fund Range, Trustees have examined the options for other asset classes to be added to the range and have taken advice from Isio, working with Aegon on potential asset classes. The opportunity for diversification has been balanced against the desire for simplicity and clarity in designing the new AMT Fund Range, and ability to deliver ESG integration.</p> <p>The default funds each diversify the asset mix as Members approach retirement. This seeks to mitigate the risk of capital loss when Members lack the time to recover their losses through future investment growth. However, the Trustees also accept that risk is a necessary condition to achieve attractive long-term returns. Hence higher investment risk is taken when Members are further from retirement.</p> <p>When reviewing the Core Fund Range, performance was a key consideration, and each fund was assessed by Isio to ensure there were no concerns with funds being retained or added to the range. It was also agreed that the new AMT Fund Range would be white labelled, giving the Trustees flexibility to quickly replace a fund should there be performance or other concerns with the underlying strategy.</p>

Policy	Commentary
<p><b>Investment risks – asset manager</b></p> <p>Selecting a fund from an asset manager who could make poor investment decisions which then impacts Members is a considerable risk. For the Scheme's main investment choices, the Trustees have decided to include funds which significantly reduce this risk by limiting the way in which the asset manager invests Members' savings. These are typically referred to as 'index-tracking funds' or 'passive' investments.</p> <p>An index-tracking fund will generally aim to replicate the performance of the applicable market index by having the same proportion of shares, bonds or other assets as the index it is aiming to track. Such a strategy relies less on manager skill to achieve the return benchmark and so is less dependent on asset manager discretion.</p> <p>There is no guarantee that any fund within the default or core fund range will achieve its long-term objective. The Trustees monitor the funds and asset managers to seek to minimise this risk.</p> <p><b>Investment risks – currency</b></p> <p>Funds held by Members may invest in assets denominated in a foreign currency and are exposed to exchange rate fluctuations that could adversely impact the value of those assets. Where appropriate, the underlying manager may choose to reduce this risk by hedging back a proportion of the exposure to sterling.</p>	<p>The Trustees select default funds which use passive vehicles and a 'firm-wide approach' to asset allocation, mitigating individual manager risk.</p> <p>All funds are robustly governed, with investment returns and risk assessed at least quarterly. Aegon presented its governance process to the Investment Sub-Committee who considered the resources, process and reporting.</p> <p>Actions (including the potential closure of a fund) are taken where funds persistently under-perform.</p> <p>BlackRock manages currency risk in the default funds. The growth stage takes an optimised approach to hedging while the equity currency exposure has a higher proportion hedged in stages closer to retirement and is 95% hedged at retirement. Whilst currency hedging had a negative impact on performance in 2022, over the long-term (five years and longer) it has been effective in its risk management.</p> <p>The approach to managing currency risk within the default funds have formed part of BlackRock's research themes within the Scheme year, any changes to the currency approach will be implemented within the following Scheme year.</p> <p>Currency hedging is not a requirement for the Core Fund Range, unless the specific fund hedges its currency exposure.</p>

Policy	Commentary
<p><b>Financially material considerations</b></p> <p>The Trustees have considered how financially material considerations, including Environmental, Social and Governance factors, are taken into account in the selection, retention, realisation, and monitoring of the investment options, considered over the time horizon applicable to Members invested in those funds.</p> <p>As the Scheme invests via pooled funds, the Trustees have delegated responsibility for the selection, retention and realisation of investments to Aegon, within the parameters set by these Investment Principles. The Trustees' approach to managing financially material considerations is reflected in the range of pooled funds available in the Scheme.</p>	<p>Financially material considerations are reported on in the Quarterly MI packs, and the Investment Sub-Committee discuss the implications and underlying trends each quarter. The review of the Core Fund Range and the decisions on the new AMT Fund Range have been informed by discussion and analysis of financially material considerations. Each of these is illustrated throughout this Statement.</p> <p>The activities and other elements described in the Responsible Business beliefs are the minimum level of ESG integration and engagement the Trustees expect from Aegon and the underlying fund managers. The Trustees' policy is to only select new funds that align with these beliefs (unless there is a stated reason why achievement of the criteria is not possible).</p> <p>The Trustees monitor such activities on a periodic basis with a view to engaging with, and via, Aegon in the event any instances are identified where such minimum expected levels of stewardship are not being met. More information on the Trustees' stewardship activities can be found in the 'Sustainability, engagement and stewardship' section.</p> <p>BlackRock integrate ESG considerations into the investment approach. These assumptions are reviewed to understand how climate risk is embedded and to identify what asset-allocation changes may be required to maintain an appropriate level of diversification and risk-return profile for members.</p> <p>As part of on-going training for the Trustees, in September 2022 Aegon provided an overview of the responsible investment landscape and an update on climate risks and opportunities. The Trustees were able to review Member engagement and discuss Aegon's approach to climate stewardship. The Trustees also discussed the development of Aegon's net-zero transition plan, its climate roadmap, as it relates to the Scheme's LifePath funds.</p>



Policy	Commentary
<p><b>Non-financial</b></p> <p>The Trustees do not have an explicit policy for non-financial considerations, but they can take account of such considerations and will also consider any views expressed to them by Members. The Trustees welcome feedback about the fund range and specific investment concerns, although they are not bound to implement those views.</p>	<p>In February 2023, the investment adviser, Isio, provided a review and benchmarking of the Trustees' 2021-22 TCFD report. At the same time, Aegon shared the latest developments around its climate change strategy and approach to responsible investment engagement themes. This included biodiversity related risks and its approach to using expressions of wish to communicate its voting preference to asset managers.</p> <p>The Trustees have used the research with Members to inform the choice of funds and the naming of the new AMT Fund Range.</p> <p>In the event of significant Member interest in a particular theme or investment matter, the Trustees may decide it is appropriate to seek investment advice as to any changes that could be made.</p> <p>The Trustees surveyed members on views related to ESG and considerations on investments, Over half of members have concerns about threats to biodiversity and deforestation and identify Human Rights as the top social topic of interest. The Trustees are considering these customer insights within future updates to the SIP and their stewardship approach.</p>

## Sustainability, engagement and stewardship

### Statement of Investment Principles

The SIP, as at September 2022, sets out the following Responsible Business beliefs, and investment policies.

<b>Risk Management</b>	<p>The Trustees believe that active consideration of ESG issues will lead to improved outcomes for members and better management of risk. The Trustees believe that a broad approach to ESG integration is important, considering all three components of ESG investing. Climate change, in particular, presents significant risks, as well as opportunities to invest in the transition to a low-carbon and climate-resilient future.</p>
<b>Investment Approach</b>	<p>ESG issues which are considered to be financially material should be integrated into the overall management of the standard default options.</p> <p>The standard self-select fund range should include specialist funds which invest in line with sustainable and / or responsible investment themes, taking into account member preferences where relevant.</p> <p>The Trustees will only select asset managers that integrate ESG issues within their overall decision making. A key aspect is to ensure that each asset manager has committed to net zero by 2050 or has a definitive plan for setting a net zero target.</p>
<b>Reporting &amp; monitoring</b>	<p>The Trustees will regularly monitor key ESG metrics within the Scheme's investment portfolio, to understand the impact of their investments and to assess progress over time.</p>
<b>Voting &amp; engagement</b>	<p>The Trustees recognise that active engagement with investee companies, including thoughtful voting, is key to driving change. They will therefore monitor the asset managers' voting and stewardship engagement activity to assess improvements over time.</p>
<b>Collaboration</b>	<p>The Trustees expect asset managers to engage actively with other market participants to raise ESG investment standards and facilitate best practices. They also expect their chosen asset managers to be signatories to the United Nations Principles for Responsible Investment (UNPRI) and the UK Stewardship Code as minimum, and that they are be able to demonstrate ongoing progress in raising ESG standards.</p>

The activities and other elements described in the Responsible Business beliefs are the minimum level of active ESG integration and engagement the Trustees expect from Aegon and the underlying fund managers. The Trustees' policy is to only select new funds that align with these beliefs (unless there is a stated reason why achievement of the criteria is not possible).

The Trustees monitor such activities on a periodic basis with a view to engaging with, and via, Aegon in the event any instances are identified where such minimum expected levels of stewardship are not being met.

Views on ESG issues are constantly evolving, and the Trustees will work to understand the areas that are most material to Members. The Trustees expect fund managers to regularly review and assess the effectiveness of their own stewardship policy. Where improvements have been made, the Trustees require that these are disclosed.

## Responsible investment asset manager monitoring

The Trustees have implemented their stewardship approach through the selection, monitoring and engagement with fund managers, both directly and through their investment service provider, Aegon.

The Trustees implemented annual manager monitoring on responsible Investment in 2022, to assess managers on five key areas of responsible investment governance, climate, Diversity & Inclusion, voting and engagement and industry advocacy, and to ensure that assets have been managed in alignment with the long-term interests and time horizons of the Scheme. The process involves scoring and ranking asset managers, with scores assigned between 0-3 for each category with 3 indicating best practices. A heatmap of the scores was reviewed by the Trustees and used to set minimum expectations on responsible investment.

The Trustees do not own assets directly so cannot exercise voting rights themselves, rather the Trustees encourage fund managers to be active owners and promote positive behaviours. The Trustees will meet annually with the managers responsible for the default funds to understand their voting practices, and engagement activities, and to review how they align with, and reflect, the Trustees' own investment and stewardship priorities and policies, taking account of climate change and other financially material risks and considerations. The Trustees expect fund managers to be fully transparent with their stewardship responsibilities and report on these at least annually which supports the Trustees in determining the extent to which their policies have been followed throughout the year. In respect of fund managers already appointed, the Trustees require them to have a robust policy on managing conflicts of interest in relation to stewardship in place, which can be disclosed. For any new appointments, the Trustees will take into account any actual or potential conflicts prior to the appointment.

The Trustees found that responsible investment practices vary amongst the asset managers and noted a number of areas where the Scheme's asset managers had room for improvement or did not meet expectations. Twelve asset managers had been reviewed in total, with half scoring within the upper quartile of Aegon's overall insured asset managers, and two managers had not met minimum expectations on one or more of the five relevant responsible investment categories. The Trustees found the biggest developmental areas in responsible investment for the asset managers to be on climate and engagement, with key findings including not all managers engage with companies on a 1.5-2°C pathways in line with the Paris Agreement or demonstrate the propensity to support ESG shareholder resolutions or meaningful climate voting.

Aegon has created an engagement plan with various asset managers to follow up on the asset manager's results, including through next year's monitoring, and to follow up on those who failed to meet minimum expectations. It will continue to monitor progress and performance of the Scheme's asset managers, including through Aegon's annual asset manager monitoring activity to promote better alignment by managers against our responsible investment expectations.

In addition, the Trustees have met with BlackRock, as principal asset manager of the default funds, to further assess how they have acted in line with the Trustees' responsible investment beliefs and policies, including but not limited to ESG integration and engagement and voting activities.

## Monitoring of asset manager voting behaviour

The Trustees do not hold the voting rights on the Scheme's investments or typically engage directly with companies, given our position as an asset owner mostly invested in pooled funds that are managed by multiple asset managers. Instead, the Scheme's asset managers engage with companies and exercise their voting rights on the Trustees' behalf in accordance with their own policies. The Trustees do not use any proxy voting services and they assess the degree to which the Scheme's managers align with their responsible investment expectations, as part of Aegon's asset manager monitoring process outlined above.

Within the Scheme Year the Trustees have monitored voting behaviour with a broad approach to ESG integration, considering all three factors of E, S, and G. The Trustees have reviewed the asset managers' voting records and statistics (detailed further below and within the appendix to this Implementation Statement) and are satisfied asset manager voting behaviour broadly reflects their Responsible Business beliefs and policies on voting.

The Trustees consider a long-term investment time horizon, aligned with the long-term nature of members' pension savings. The annual asset manager monitoring process is a key part of how the Trustees monitor and assess manager's climate credentials, including how they are managing climate risks. Regular discussions with managers ensure the Trustees stay up-to-date and aligned with the managers' approach to climate related risks.

More information on the Trustees' activities in relation to climate-related risks and opportunities, during the Scheme year, can be found in the TCFD report.

The Trustees found opportunities for further development in asset managers' voting behaviour, as noted above, and further, some managers were not able to provide reporting on engagement and voting outcomes (beyond simply reporting on their engagement activities). Following the introduction of Scheme engagement guidelines and principles in November 2022, which outline views on best practice by the asset managers on engagement activities, this is a continued discussion point with asset managers.

## Trustee assessment of BlackRock as principal asset manager

The Trustees receive updates on BlackRock's plans and developments each quarter from Aegon, which is informed by Aegon's own regular conversations with BlackRock.

After a review of scoring of all managers (including BlackRock) as part of the asset manager monitoring in 2022, the Trustees were pleased that following focused engagement with BlackRock on climate and stewardship, BlackRock introduced its own emissions reduction target for the BlackRock LifePath during the Scheme Year. Looking forward, the Trustees will seek to monitor progress and implementation by Black Rock on this closely, while encouraging further progress by BlackRock on climate stewardship more broadly.

The BlackRock team attended the Investment Sub-Committee meeting on 10 November 2022 to provide the annual review of the default fund. Further details on BlackRock are provided further below.

### Manager name: BlackRock

#### Summary

##### Annual review with BlackRock:

Aegon BlackRock LifePath the allocation to investment assets that have been screened for ESG factors has continued to increase over the Scheme Year – from circa 63% of funds at the close of the last Scheme Year to 69% on March 31 2023.

In December 2022, following on from engagement with the Trustees, BlackRock set a formal emissions reduction target across BlackRock LifePath, which is to reduce carbon emission intensity by sales, by 50%, by June 2029 (starting from July 2019). The Trustees see this objective as the first step towards a roadmap to net zero for Aegon BlackRock LifePath Flexi, and the Trustees will continue to work with BlackRock to implement a net zero target.

The Trustees welcome the positive advances in BlackRock's stewardship activity.

<b>Compliance with the Trustees' Responsible Business beliefs</b>	
<p>The Trustees believe that active consideration of ESG factors will lead to improved outcomes for Members and better management of risk.</p> <p>The Trustees wish to take a broad approach to ESG integration, considering all three factors of E, S, and G. Within the Environmental factor, specific focus will be placed on climate related risk.</p>	<p>The Trustees' discussions with BlackRock, and Isio's analysis of BlackRock provided to Trustees demonstrate BlackRock fully align with this belief. There is demonstrable evidence of increased focus and resources to turn this belief into tangible action.</p> <p>BlackRock has provided the Trustees with the themes and areas of focus for its ESG integration, demonstrating broad cover across E, S &amp; G factors. BlackRock set a formal emissions reduction target across BlackRock LifePath. The Trustees see BlackRock as compliant with this belief.</p>
<b>Investment approach</b>	
<p>ESG factors which are considered to be financially material should be integrated into the overall management of the default option, with the aspiration for these to be across all asset classes</p> <p>The Core Fund Range should include specialist funds which invest in line with sustainable and/or responsible investment themes.</p> <p>The Trustees will only select managers that integrate ESG factors within their overall decision making – this applies for the default and the Core Fund Range.</p>	<p>For Aegon BlackRock LifePath the allocation to investment assets that have been screened for ESG factors has continued to increase over the Scheme Year – from circa 63% of funds at the close of the last Scheme Year to 69% on March 31 2023. BlackRock has demonstrated ESG focus across the funds in the range, and fund review has ensured clarity on the depth of ESG factors considered in each fund, categorised by the Investment Association (IA) definitions, analysed by Aegon and Isio, and communicated to Members. The Trustees see BlackRock as compliant with this belief.</p> <p>Extensive work on Core Fund Range review to strengthen the focus on the risks and opportunities arising from climate change and other ESG factors. The changes have been planned in regard to the Trustees' Investment Beliefs, the Trustees Responsible Business beliefs. BlackRock funds have been analysed as part of the Core Fund Range review and selected as and where they align with this belief.</p> <p>There has been extensive analysis of the BlackRock funds for the Core Fund Range review and BlackRock have been selected as they are proven to integrate ESG factors within their overall decision making across all the BlackRock funds used in the revised range.</p>

<b>Reporting and monitoring</b>	
<p>The Trustees will monitor key ESG metrics within their investment portfolio to understand the impact of their investments.</p>	<p>BlackRock are able to provide the Trustees with detailed proof of key ESG metrics and to demonstrate continued and on-going progress in the assessment of the impact of the investments and the progress towards the targets set. Through the quarterly investment reports and through the meetings with BlackRock the Trustees are satisfied BlackRock meet this belief. The Trustees also have the analysis of Aegon, Isio and the data provided by MSCI to check against the BlackRock provided data and ensure it is both robust and fair.</p>
<b>Voting and engagement</b>	
<p>The Trustees expect managers to vote in accordance with the Trustees' beliefs, and will monitor the outcomes of managers' voting engagement actions and activity.</p>	<p>BlackRock have provided details of their Stewardship and voting policies in particular, as well as engagement and voting activity within the Scheme year to allow the Trustees to assure BlackRock meet this belief. BlackRock are able to demonstrate to the Trustees they have increased their climate-related engagement and have seen marked progress in investee companies enhancing their climate risk disclosures.</p>
<b>Collaboration</b>	
<p>The Trustees expect managers to engage actively with other market participants to raise ESG investment standards and facilitate best practices. They also expect managers to participate in common codes such as UNPRI and TCFD and be able to demonstrate their on-going progress in raising responsible investment standards.</p>	<p>BlackRock are signatories to UNPRI and TCFD and have amply demonstrated the progress they are making in adopting continually higher responsible investment standards. The Trustees confirm, in their opinion, BlackRock meet the requirements of this belief.</p>

### Further actions identified

- The Trustees, in conjunction with their investment adviser and Aegon, will continue to engage with BlackRock on their delivery plan to meet the 2029 objective, including leveraging stewardship to support emissions reduction in the underlying investee companies, and sector and strategy-specific decarbonisation pathways.
- Align the carbon objectives BlackRock are developing for LifePath with the Trustees' own net-zero targets.
- Add further reporting of key ESG metrics within BlackRock's quarterly reports. For example, emissions data monitoring, forward-looking decarbonisation rates and temperature alignment metrics tied back to specific fund objectives.
- Additional asset classes to have ESG screens, where applicable and cost-effective.

More information on BlackRock's stewardship and voting policies can be found on their [website](#).

### Summary of engagement activity by asset managers

The Trustees monitor the engagement and voting performance across all asset managers against the Trustees' Responsible Business beliefs.

The Trustees expectations for effective engagement by asset managers apply across funds, asset types and geographies, whilst recognising the need for strategies to be adapted for circumstances such as local market considerations. The Trustees expect engagement to impact all investment strategies, across both long and short time-horizons, and whether a fund is actively or passively managed.

The information below is a summary of engagement activity undertaken within the Scheme Year by the asset manager of the standard default funds as well as asset managers of funds in the Core Fund Range.



## Manager name

BlackRock

## Fund and engagement summary

### Aegon BlackRock LifePath

No. Engagement meetings by topic\*:

Environmental: 734 (48%)      Social: 1394 (39%)      Governance: 3294 (91%)

### Aegon BlackRock Market Advantage

No. Engagement meetings by topic\*:

Environmental: 137 (38%)      Social: 126 (35%)      Governance: 344 (97%)

### Aegon BlackRock Diversified Growth

No. Engagement meetings by topic\*:

Environmental: 169 (45%)      Social: 148 (39%)      Governance: 334 (88%)

### Aegon BlackRock 30/70 Currency Hedged Global Equity Index

No. Engagement meetings by topic\*:

Environmental: 1198 (51%)      Social: 972 (41%)      Governance: 2131 (90%)

### Aegon BlackRock UK Equity Index

No. Engagement meetings by topic\*:

Environmental: 1586 (51%)      Social: 1250 (40%)      Governance: 2809 (90%)

### Aegon BlackRock World (ex-UK) Equity Index

No. Engagement meetings by topic\*:

Environmental: 812 (51%)      Social: 714 (45%)      Governance: 145 (91%)

\*Engagements include multiple company meetings during the year with the same company.

Most engagement conversations cover multiple topics

## Engagement example

**Company:** Total Energies SE (Total)

**Approach:** BlackRock Investment Stewardship's (BIS) engagement with Total in 2022 focused on how the company is addressing the material climate risks and opportunities in its business model. At the 2022 annual general meeting (AGM), management proposed an advisory, non-binding shareholder vote on the progress made to date against the company's sustainability and climate transition plan.

BIS supported this proposal in 2022 based on its belief that Total's sustainability and climate transition plan demonstrated clear policies and action plans to manage climate risk and opportunities, and that it provided a well-defined roadmap towards the company's stated climate ambition and targets.

**Outcome and next steps:** Overall, BIS engagement and voting has been carried out in recognition of the company's clearly disclosed climate transition plan to manage climate-related risks and opportunities, and the progress made with the plan, including a new target to reduce methane emissions by 80% from 2020 levels by 2030.

## Manager name

HSBC

## Fund and engagement summary

Aegon HSBC Islamic Global Equity Index, Aegon HSBC Developed World Sustainable Equity Index

The following are firm level statistics reported by HSBC:

Number of companies engaged: 1513

Number of engagements: 2632

Where HSBC have set a clear engagement objective with a respective company, they report the following statistics on their engagement progress:

- Company acknowledged the concern as a serious matter: approximately 75
- Company developed a credible strategy to achieve the engagement objective: approximately 55
- Company implemented a strategy or measure to address the concern: approximately 50

## Engagement example

**Company:** Chevron

**Engagement Objective:** Chevron has an 'aspiration' to achieve net zero in upstream scope 1 and 2 emissions by 2050, but this leaves out approximately 20% of scope 1 and 2 emissions, lagging its peers

**Approach:** HSBC had a one to one, in- person meeting to explain their voting policy and share expectations for improvements in areas of climate change. They expressed concerns about the company's assertion in its reporting that it believes the IEA's Net Zero Emissions scenario is remotely achievable.

**Outcome and next steps:** Chevron appeared to be receptive to some of HSBC comments including the negative perception its position. The company was somewhat defensive on other points, particularly committing to reducing scope 3 emissions, which would require a fundamental change of its business model. HSBC will continue to press for a clearer alignment with the 1.5C scenario.

## Manager name

Baillie Gifford

## Fund and engagement summary

Aegon Ballie Gifford Positive Change

No. Engagement meetings by topic:

Environmental: 26      Social: 30      Governance: 36

## Engagement example

**Company and engagement objective:** In 2021, Umicore SA set ambitious sustainability targets, including becoming net zero by 2035. Baillie Gifford met with the ESG team in June 2022 as an opportunity to follow up on its progress towards it. They also wanted to emphasise their support for minimising Umicore's impact on biodiversity and to understand Umicore's current progress in this area.

**Approach:** Baillie Gifford discussed the array of initiatives that Umicore is considering to achieve its targets, including carbon capture and storage, renewable purchase power agreements and offsetting. Like many companies, Umicore is still working out how best to measure its relationship with biodiversity, but it has risen up its agenda. Previously, Umicore had taken its water footprint as a proxy for biodiversity but is currently considering more advanced ways to consider biodiversity in decision making.

**Outcome and next steps:** Baillie Gifford will continue to monitor and support Umicore's environmental efforts over the next few years. They also plan to have a further call to discuss human rights within Umicore's supply chain, another very important topic, later this year.

## Manager name

Ninety One

## Fund and engagement summary

Aegon Ninety One Global Multi-Asset Sustainable Growth Fund

No. Engagement meetings by topic:

Climate change: 6      Board diversity: 2      Waste reduction: 1      Other: 3

## Engagement example

**Company and engagement goal:** Xinyi Solar is the world's largest producer of solar glass. It is directly exposed to the solar industry, and therefore well placed to benefit from the move away from fossil fuels to generate electricity towards renewable energy, mainly solar. Ninety One's engagement goal in 2022 is monitoring the company's carbon emission targets and board diversity.

**Approach and outcome:** Ninety One met with the company's Chief Financial Officer and Board Secretary and discussed how the company plans to upgrade their carbon emissions reduction target as well as Scope 3 Disclosure. The company have yet to achieve Scope 3 disclosure, citing the biggest obstacle being the long tail of small suppliers and the time taken to set up their system to report on carbon emissions. The company has over 1000 suppliers, many of which are small players. They are currently in the process of educating their suppliers on the topic of carbon data disclosure.

Ninety One also spoke to the company about board gender diversity, and they gave us an update on their recent addition of a female independent director to the company board.

## Manager name

LGIM

## Fund and engagement summary

Aegon LGIM Ethical Global Equity Index

No. Engagement meetings by topic\*:

Environmental: 127      Social: 54      Governance: 135      Other: 20

## Engagement example

Engagement case study not available within the reporting period.

As listed equity is the major asset class Members invest in, the Trustees focus more extensively on this when reviewing manager engagement reporting and associated manager monitoring through Aegon. The Trustees recognize, however, that stewardship practices are fast evolving beyond equities.

## Summary of voting behaviour and most significant votes

In reviewing the exercise of voting rights delegated to asset managers, the Trustees have collected evidence of the voting records and significant votes undertaken on the Trustees' behalf on the Aegon BlackRock LifePath Flexi fund, funds within the Core Fund range and in all Bespoke Notional Sections, to illustrate stewardship in action.

During the Scheme Year, the Trustees delegated the definition of most significant votes to asset managers. The definition of 'most significant votes' varies between different asset managers (as set out below). The Trustees are broadly satisfied that asset manager definitions of most significant votes reflects their own understanding of a significant vote, considering factors such as size of holding, the degree of impact on financial outcomes and thematic stewardship priorities such as climate. The Trustees have selected three example definitions of most significant votes from asset managers, demonstrating coverage across a breadth of responsible investment topics, with a particular focus on climate.

Manager	Definition of most significant vote
BlackRock	Based on themes they believe will encourage sound governance practices and deliver sustainable long-term financial performance at the companies in which they invest on behalf of clients.
HSBC	Regard votes against management recommendation as the most significant. With regards to climate, where companies in energy intensive sectors have persistently failed to disclose their carbon emissions and climate risk governance, they will generally vote against the re-election of the Chairman. They also generally support shareholder resolutions calling for increased disclosure on climate-related issues.
Ninety One	Votes with significant client, media or political interest, material holdings, those of a thematic nature (i.e., climate change) and significant corporate transactions that have a material impact on future company performance.

In acknowledgement of the DWP Stewardship Guidance and the different definitions that asset managers use to define most significant votes, the Trustees recognise the opportunity to take more ownership of stewardship, including engagement and voting. Therefore, the Trustees have set out their own definition of most significant votes for monitoring future voting behaviour. Going forward, the Trustees will seek to set out their views via 'expression of wish' to key asset managers, in respect of what the Trustees consider to be a selection of the most significant votes in advance of the AGMs. The Trustees will monitor the voting behaviour of asset managers against the Trustees' wishes.

The table below provides a summary of voting activity and examples of significant votes during the Scheme Year, by BlackRock as asset manager of the standard default funds, as well as asset manager of a number of funds in the Core Fund Range. As outlined earlier, the Trustees are satisfied asset manager voting behaviour broadly reflects their Responsible Business beliefs, policies on voting and stewardship priorities. The Trustees have selected the below significant votes as most significant, on the basis they are reflective of the Trustees' voting policy and investment beliefs, and a particular focus on climate. The table includes additional detail on these votes deemed to be significant where possible, subject to data availability from managers.

<b>Fund: Aegon BlackRock LifePath</b>			
<b>Voting Summary</b>			
Resolutions eligible to vote on	100,558		
% resolutions voted on	94.39%	% voted against management	8.09%
% voted with management	86.31%	% voted to abstain	1.29%
<b>Significant votes</b>			
<b>Monster Beverage Corporation</b>			
Resolution: Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal, June 2022. BlackRock Investment Stewardship (BIS) believe that supporting the proposal may accelerate the company's progress on climate risk management and/or oversight. BIS believe current disclosures do not provide sufficient detail on plans to reduce Scope 1 and 2 GHG emissions to align the company's business model with likely pathways to a lower carbon economy. The resolution failed and BIS will continue to monitor the company's progress relating to sustainability disclosures.			
<b>Trustee assessment</b>			
This vote is in line with the Trustees' investment beliefs and policies as it considers Environmental factors. The Trustees have deemed this vote as most significant as it concerns climate related risk and is aligned to the Trustees' stewardship priority of climate.			

## Fund: Aegon BlackRock Market Advantage

### Voting Summary

Resolutions eligible to vote on	25,413		
% resolutions voted on	91%	% voted against management	6%
% voted with management	93%	% voted to abstain	0%

### Significant votes

#### Meta Platforms, Inc.

Resolution: Publish Third Party Human Rights Impact Assessment, May 2022. BIS supported this shareholder proposal because, in their assessment, shareholders would benefit from a third-party assessment of the human rights impacts of Meta's advertising practices given the importance of advertising to the company's ability to generate long-term financial returns. The resolution did not pass.

#### Trustee assessment

This vote is in line with the Trustees' investment beliefs and policies as it considers Social factors. The Trustees have deemed this vote as most significant as it aligns to their stewardship priority of Human Rights.

## Fund: Aegon BlackRock Diversified Growth

### Voting Summary

Resolutions eligible to vote on	11,708		
% resolutions voted on	92%	% voted against management	5%
% voted with management	94%	% voted to abstain	1%

### Significant votes

#### Home Depot, Inc

Resolution: Report on Efforts to Eliminate Deforestation in Supply Chain, May 2022. BIS supported this shareholder proposal because given the growing pressures on natural ecosystems on which Home Depot products depend and from which the company derives economic benefits, they believe that the company will increasingly face financial risks associated with any negative impacts on forests. Conversely, there could be material business opportunities in taking a more expansive approach. The proposal passed with 65% support.

#### Trustee assessment

This vote is in line with the Trustees' investment beliefs and policies as it considers Environmental factors. The Trustees have deemed this vote as most significant as it concerns climate related risk and is aligned to the Trustees' stewardship priority of climate.

## Fund: Aegon BlackRock 30/70 Currency Hedged Global Equity Index

### Voting Summary

Resolutions eligible to vote on	59,844		
% resolutions voted on	97%	% voted against management	8%
% voted with management	91%	% voted to abstain	2%

### Significant votes

#### Rio Tinto Group

Resolution: Approve Climate Action Plan, May 2022. BIS voted in support of this management proposal seeking shareholders' approval of the Rio Tinto Group's Climate Action Plan. The group's climate action plan, targets, and disclosures are consistent with what they look for and, in their assessment, demonstrate management and board responsiveness to shareholder feedback. Accordingly, BIS determined that it is in the best interests of their clients as long-term shareholders to support the proposal to approve the Climate Action Plan. The proposal passed.

#### Trustee assessment

This vote is in line with the Trustees' investment beliefs and policies as it considers Environmental factors. The Trustees have deemed this vote as most significant as it concerns climate related risk and is aligned to the Trustees' stewardship priority of climate.

## Fund: Aegon BlackRock UK Equity Index

### Voting Summary

Resolutions eligible to vote on	10,135		
% resolutions voted on	99%	% voted against management	3%
% voted with management	96%	% voted to abstain	0%

### Significant votes

#### Barclays

Resolution: Approve Barclays' Climate Strategy, Targets and Progress, May 2022. BIS supported this proposal in recognition of the company's disclosed plan to manage climate-related risks and opportunities and the company's progress against this plan, and the resolution passed. BIS do, however, believe there are areas where the company could enhance its disclosure and will continue to engage with Barclays to monitor progress against the commitments made in the Climate Strategy, Targets and Progress report.

#### Trustee assessment

This vote is in line with the Trustees' investment beliefs and policies as it considers Environmental factors. The Trustees have deemed this vote as most significant as it concerns climate related risk and is aligned to the Trustees' stewardship priority of climate.



## Fund: Aegon BlackRock World (ex-UK) Equity Index

### Voting Summary

Resolutions eligible to vote on	25,196		
% resolutions voted on	95%	% voted against management	6%
% voted with management	93%	% voted to abstain	0%

### Significant votes

#### Alphabet Inc

Resolution: Report on Metrics and Efforts to Reduce Water Related Risk, June 2022. BIS supported this shareholder proposal as they note the company does not explicitly disclose annual water use or other risk metrics by location; therefore, it is difficult for stakeholders to determine the company's regional approach, localized water stress trends and risks, as well as possible progress year on year. Though the proposal did not pass, BIS believe it is in the best economic interests of clients for Alphabet to enhance their disclosure on this material long-term business risk.

### Trustee assessment

This vote is in line with the Trustees' investment beliefs and policies as it considers Environmental factors. The Trustees have deemed this vote as most significant as it concerns climate related risk and is aligned to the Trustees' stewardship priority of climate.

## Fund: Aegon BlackRock Emerging Markets Equity Index

### Voting Summary

Resolutions eligible to vote on	24,234		
% resolutions voted on	98.36%	% voted against management	11.45%
% voted with management	86.92%	% voted to abstain	3.51%

### Significant votes

#### Grupo México

Resolution: Annual election of Board Members, April 22. BIS did not support the director bundled ballot election, as the company has not updated their sustainability related reporting, in particular, their climate-related disclosures since the release of their “2020 Sustainable Development Report.”, nor addressed shareholder concerns, including BlackRock’s, regarding the quality and effectiveness of their Board of Directors. BIS will continue to engage to share their concerns and to encourage the company to clearly articulate how the board oversees executive leadership’s approach to material risks and opportunities.

#### Trustee assessment

This vote is in line with the Trustees’ investment beliefs and policies as it considers Environmental factors. The Trustees have deemed this vote as most significant as it concerns climate related risk and is aligned to the Trustees’ stewardship priority of climate.

## Fund: Aegon HSBC Islamic Global Equity Index

### Voting Summary

Resolutions eligible to vote on	1423		
% resolutions voted on	97%	% voted against management	19.8%
% voted with management	80.2%	% voted to abstain	0%

### Significant votes

#### Apple Inc

Resolution: Elect Director Sue Wagner, March 2023. HSBC voted against this proposal as they had concerns about insufficient diversity of the board. The resolution passed and HSBC is likely vote against a similar proposal should they see insufficient improvements. HSBC assessed this as a significant vote due to the company having a significant weight in the portfolio, and that they voted against management.

#### Trustee assessment

This vote is In line with the Trustees’ investment beliefs and policies as it considers Social factors. The Trustees have deemed this vote as most significant as it aligns to the Trustees’ stewardship priority of Diversity and Inclusion of a company board.

## Fund: Aegon HSBC Developed World Sustainable Equity Index

### Voting Summary

Resolutions eligible to vote on	13,602		
% resolutions voted on	93.8%	% voted against management	14%
% voted with management	86%	% voted to abstain	0.1%

### Significant votes

#### Costco

Resolution: Elect Director Jeffrey S. Raikes, January 2023. HSBC voted in line with their voting policy to vote against the incumbent Chair of a formally established nomination committee, if the threshold for women on the board is not met. In the case of Costco the threshold is 40%. Though the resolution passed, HSBC will likely vote against such a proposal should there be no improvements. HSBC assessed this vote to be significant as the company has a significant weight in the portfolio and that they voted against management.

#### Trustee assessment

This vote is in line with the Trustees' investment beliefs and policies as it considers Social factors. The Trustees have deemed this vote as most significant as it aligns to the Trustees' stewardship priority of Diversity and Inclusion of a company board.

## Fund: Aegon LGIM Ethical Global Equity Index

### Voting Summary

Resolutions eligible to vote on	16,602		
% resolutions voted on	99.83%	% voted against management	17.79%
% voted with management	81.99%	% voted to abstain	0.22%

### Significant votes

#### Alphabet Inc

Resolution: Report on Physical Risks of Climate Change, June 2022. LGIM supported this resolution as they expect companies to be taking sufficient action on the key issue of climate change. The resolution gained 17.7% support and LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor the company and market-level progress. LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote

#### Trustee assessment

This vote is in line with the Trustees' investment beliefs and policies as it considers Environmental factors. The Trustees have deemed this vote as most significant as it concerns climate related risk and is aligned to the Trustees' stewardship priority of climate.

## Fund: Aegon Baillie Gifford Positive Change

### Voting Summary

Resolutions eligible to vote on	357		
% resolutions voted on	100%	% voted against management	2.24%
% voted with management	97.48%	% voted to abstain	0.28%

### Significant votes

#### Tesla Inc

Resolution: Report on how the company's corporate lobbying is aligned with the Paris Climate Agreement, August 2022. Baillie Gifford opposed the resolution as they believe additional disclosures would be a burdensome with no real benefit to shareholders. They are not aware of any concerns that Tesla are executing their strategy in contravention of the Paris Agreement and continue to trust management. The resolution is significant because it was submitted by shareholders and received greater than 20% support.

### Trustee assessment

This vote is in line with the Trustees' investment beliefs and policies as it considers Environmental factors. The Trustees have deemed this vote as most significant as it concerns climate related risk and is aligned to the Trustees' stewardship priority of climate.

## Fund: Aegon Ninety One Global Multi-Asset Sustainable Growth Fund

### Voting Summary

Resolutions eligible to vote on	974		
% resolutions voted on	100%	% voted against management	7.48%
% voted with management	92.51%	% voted to abstain	0.41%

### Significant votes

#### KLA corporation

Resolution: Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal, November 2022. Ninety One supported this resolution as they view additional information on the company's efforts to reduce its carbon footprint would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change related risks. Ninety One deemed this as a significant vote due to its thematic nature (i.e. climate change).

### Trustee assessment

This vote is in line with the Trustees' investment beliefs and policies as it considers Environmental factors. The Trustees have deemed this vote as most significant as it concerns climate related risk and is aligned to the Trustees' stewardship priority of climate.

## **Broader considerations related to stewardship**

### **Member engagement**

The Trustees recognise the importance of taking into account employer and beneficiary needs in informing their stewardship of Members' pension savings. During the Scheme Year, the Trustees conducted a total of three customer-panel surveys, which gave Members an opportunity to share their views on responsible investment factors. The results of these surveys are being considered in the development of the Trustees' investment strategy and stewardship approach.

### **Industry advocacy**

The Trustees recognise the importance of industry advocacy, including collaborative engagement and policy lobbying, in helping to address systemic risks and promoting a well-functioning financial system. In 2022 the Trustees were supportive of aligning with Aegon's industry advocacy activities. Through Aegon, the Trustees are supporting progress on sustainability and stewardship through industry initiatives like the Institutional Investors Group on Climate Change and the Net Zero Asset Owner Alliance, as well as the DWP's Taskforce on Social factors. Aegon has been an active participant in this DWP Taskforce since its inception in 2022, which has the aim of providing guidance for pension schemes and trustees to support common understanding of social risks and opportunities that can be applied by pension scheme trustees, industry and policymakers

## Appendix to Implementation Statement

### Voting record for all funds, where asset manager was eligible to vote.

The table below provides voting records on equity and multi-asset funds only. There is no voting data produced for cash, fixed income or property funds as these funds are not eligible to vote.

Fund	Voteable Proposals	Proposals Voted %	With Mgmt %	Against Mgmt %	Abstain %
<b>Core default fund</b>					
Aegon BlackRock LifePath	100,558	94.39%	86.31%	8.09%	1.29%
<b>Core fund range</b>					
Aegon BlackRock Market Advantage	25,413	91%	93%	6%	0%
Aegon BlackRock Diversified Growth	11,708	92%	94%	5%	1%
Aegon BlackRock 30/70 Currency Hedged Global Equity Index	59,844	97%	91%	8%	2%
Aegon BlackRock Emerging Markets Equity Index	24,234	98.36%	86.92%	11.45%	3.51%
Aegon HSBC Islamic Global Equity Index	1423	97%	80.2%	19.8%	0%
Aegon BlackRock UK Equity Index	10,135	99%	96%	3%	0%
Aegon BlackRock World (ex-UK) Equity Index	25,196	95%	93%	6%	0%
Aegon LGIM Ethical Global Equity Index	16,602	99.83%	81.99%	17.79%	0.22%
Aegon Ballie Gifford Positive Change	357	100%	97.48%	2.24%	0.28%
Aegon HSBC Developed World Sustainable Equity Index	13,602	93.8%	86%	14%	0.1%
Aegon Ninety-One Global Multi-Asset Sustainable Growth	974	100%	92.51%	7.48%	0.41%
<b>Funds offered in advised notional sections *</b>					
Aegon BlackRock UK Growth	2275	100%	96.66%	2.33%	1.05%
Aegon BlackRock Pacific Growth	555	100%	92.61%	7.21%	0.18%
Aegon BlackRock Alpha Smaller Companies	1391	100%	95.76%	2.88%	1.37%
Aegon BlackRock UK Equity	796	100%	97.61%	1.76%	0.63%
Aegon BlackRock Diversified Growth	11708	92.22%	84.10%	6.29%	1.24%
Aegon BlackRock Balanced Growth	5885	96.16%	89.19%	5.37%	1.44%
Aegon BlackRock US Equity Index	7224	99.18%	90.09%	7.48%	0.01%
Aegon BlackRock European Equity Index	8862	86.87%	75.12%	10.54%	1.21%
Aegon BlackRock Japanese Equity Index	5974	100%	96.45%	3.55%	0%
Aegon BlackRock Pacific Rim Equity	3317	100%	86.89%	13.08%	0.03%
Aegon BlackRock 50/50 Global Growth	5878	96.16%	89.18%	5.38%	1.45%

Please bear in mind that the value of investments may go down as well as up and the final value of a member's pension pot may be less than has been paid in. There's no guarantee funds will meet their objectives. Funds investing in a single asset class, for example UK equities, should only be used as part of a diversified portfolio. Any charts are for illustrative purposes only, and we reserve the right to change funds' asset allocations and charges. You should get financial advice if you're not sure whether an investment or product is right for you.

Fund	Voteable Proposals	Proposals Voted %	With Mgmt %	Against Mgmt %	Abstain %
Aegon BlackRock 50/50 Global Equity Index	34376	96.59%	88.87%	6.98%	0.44%
Aegon BlackRock ACS World ESG Equity Tracker	5653	95.81%	87.51%	6.83%	0.74%
Aegon BlackRock UK Special Situations	1388	100%	98.20%	1.22%	0.58%
Aegon BlackRock 40/60 Global Equity Index	Blend of funds: Aegon BlackRock UK Equity Index (BLK) & Aegon BlackRock World (ex-UK) Equity Index (BLK)				
Aegon BlackRock MSCI Currency Hedged World Index	14075	88.26%	81.09%	6.29%	0.75%
Aegon BlackRock Diversified Growth Plus	Blend of funds: Aegon BlackRock Diversified Growth (BLK); Aegon BlackRock Globalisation (BLK) and Aegon BlackRock UK Focus (BLK)				
Aegon BlackRock Cautious Diversified Growth	Blend of funds: Aegon BlackRock Diversified Growth and ICS Institutional Sterling Ultra Short Bond				
Aegon BlackRock 70/30 Global Equity Index	Blend of funds: Aegon BlackRock UK Equity Index and BlackRock Aquila Connect Overseas Consensus Equity				
Turner & Townsend Active Global Equity	5878	96.16%	89.18%	5.38%	1.45%
Turner & Townsend Passive Global Equity	Blend of funds: Aegon BlackRock UK Equity Index (BLK) & Aegon BlackRock World (ex-UK) Equity Index (BLK)				
Turner & Townsend Balanced	Aegon BlackRock Consensus Index				
Aegon AM Ethical Equity	1186	99.92%	98.14%	1.61%	0.25%
Aegon BNY Mellon Real Return	1287	100%	89.2%	10.8%	0%
Aegon LGIM Ethical UK Equity Index	4479	100%	94.15%	5.85%	0%
Aegon LGIM Global Equity (60:40) Index	41099	99.84%	81.85%	18.02%	0.13%
Aegon LGIM North America Equity Index	8543	99.41%	65.40%	34.55%	0.06%
Aegon LGIM Europe (ex UK) Index	10391	99.93%	80.99%	18.53%	0.48%
SG Diversified Growth	Blend of funds: Aegon LGIM Diversified & Aegon BlackRock Diversified Growth				
SG Passive Global Equity	Blend of funds: Aegon BlackRock World (ex-UK) Equity Index; Aegon BlackRock MSCI Currency Hedged World Index; Aegon BlackRock UK Equity Index; Aegon BlackRock Emerging Markets Equity Index				
SG Active Global Equity	1,348	100%	94.21%	5.04%	0.07%
Aegon Standard Life Global Absolute Return Strategies	283	81.98%	82.33%	17.67%	0%
Aegon Invesco Pensions Managed	N/A				

\* Fund choice for each advised (bespoke) notional section listed within SIP

## Voting record for funds in blends, not a part of the fund offer

Aegon LGIM Diversified	99252	99.82%	77.36%	21.94%	0.70%	
Aquila Connect Overseas Consensus Equity	50,835	94%	90%	9%	2%	
Aegon BlackRock Globalisation	484	92.15%	84.71%	6.82%	0.21%	
Aegon BlackRock UK Focus	426	100%	98.12%	1.64%	0.23%	
Aegon BlackRock Consensus Index	ACS Continental European Equity Tracker	8862	86.87%	75.12%	10.54%	1.21%
	ACS Japan Equity Tracker	5974	100%	96.45%	3.55%	0%
	ACS UK Equity Tracker	10,135	99%	96%	3%	0%
	ACS US Equity Tracker	7224	99.18%	90.09%	7.48%	0.01%
	Aquila Connect Pac Rim Equity	3317	100%	86.89%	13.08%	0.03%
	Aquila Life Canadian Equity Index	735	100%	91.84%	7.48%	0%
	iShares Emerging Markets Index	25,350	98%	88%	11%	3%
	iShares Environment & Low Carbon Tilt Real Estate Index Fund	388	62%	91%	8%	1%