

**PPG Industries (UK) Limited Pension Plan**  
**Defined Contribution Section**  
**Statement of Investment Principles**

**Investment Objective**

The Trustee is responsible for investing Plan assets in line with members' preferences. Its key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives. The Trustee has taken into account members' circumstances; in particular the range of members' attitudes to risk and term to retirement.

**INVESTMENT MANAGEMENT ARRANGEMENT**

The Trustee has decided to implement the Plan's DC investment strategy through Aon's Delegated DC Services. Under this approach, the Trustee delegates the selection of the platform provider and day to day management of the funds to Aon, through the Aon Investments Limited ("AIL") Investment Management team ("the Manager").

The available fund range consists of a number of white-labelled blended funds, as agreed upon by the Trustee. The underlying managers and structure of each blended fund is delegated to the Manager.

**STRATEGY**

In order to meet the Plan's Investment Objective, the Trustee provides members access to a number of individual funds. Further details on each of the funds available to members are provided in the Appendix.

Three distinct asset allocation strategies are offered to members through the use of Target Date Funds (TDF), which target different benefits at retirement, namely drawdown, annuity purchase and cash.

The Trustee regularly reviews the appropriateness of the three asset allocation strategies and may make changes from time to time. Members are advised accordingly of any changes.

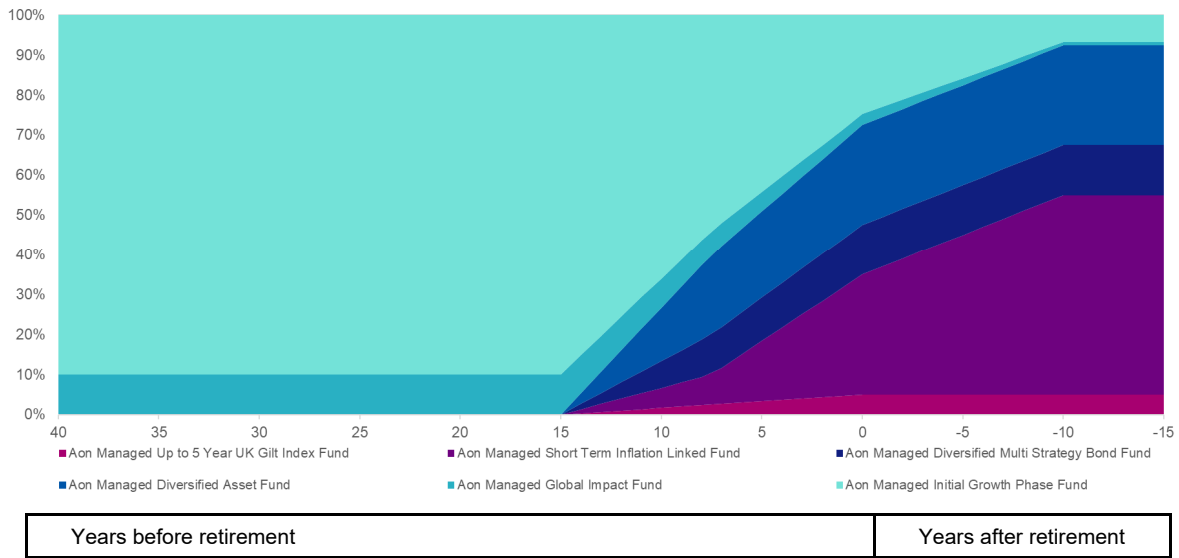
Details of the three TDF asset allocation strategies are provided below.

- the Flexible Glidepath
- the Cash Glidepath; and
- the Annuity Glidepath.

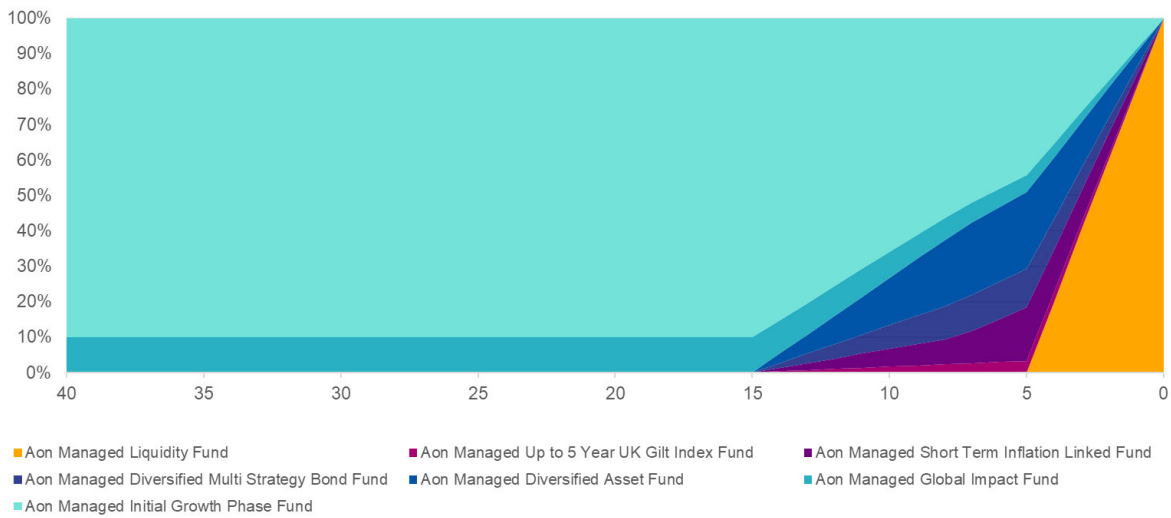
If members do not make their own selection, they will be automatically invested into the Flexible Glidepath. The following charts show the structure of the lifestyle profiles:

# September 2024

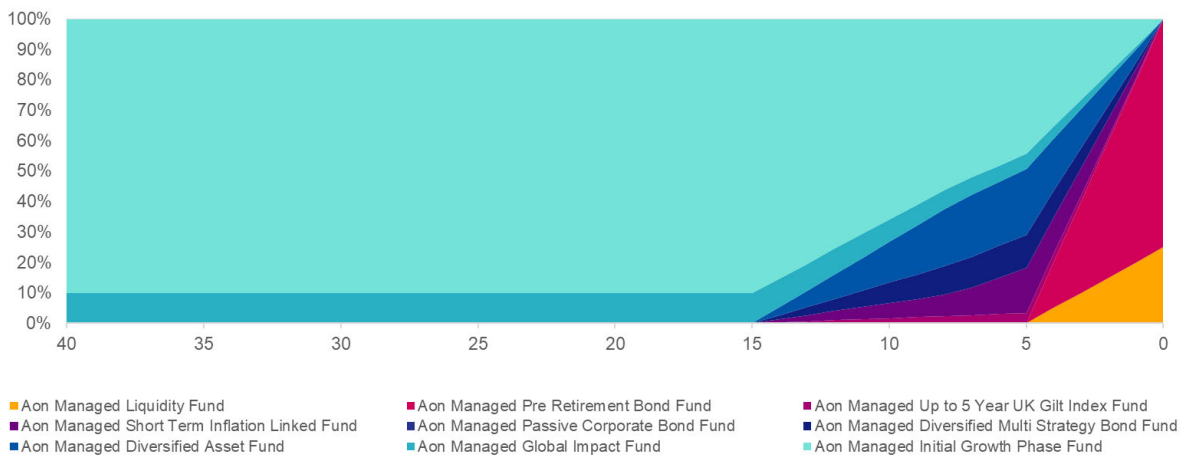
## Flexible Glidepath



## Cash Glidepath



## Annuity Glidepath



Source: AIL as at 30 June 2024.  
Actual asset allocation within each TDF can vary – the above are indicative allocations and are for illustration purposes only

## September 2024

The aim of the TDFs is to provide opportunity for growth in the early years of investment by investing in growth seeking assets such as equities. As retirement approaches, assets in the TDFs are gradually switched into a more diversified range of investments with the aim of reducing overall volatility, and to align the distribution of assets to the different options members have when they take their benefits from the Plan.

The TDFs use a target driven approach to investing where investments are managed against long-term targets, linked to inflation. These targets have been determined by the Manager, based on its view on appropriate levels of risk and return at different stages of the savings journey. Both past performance of the specific TDF a member is invested in and changes in the future market outlook are considered as part of setting the asset allocations for each TDF.

During the period up to 15 years before selected retirement age, the TDFs invest 90% of members' Plan funds in the Initial Growth Phase Fund and 10% in the Global Impact Fund. From that point until the point 5 years from retirement, members' funds in any of the three asset allocation strategies are gradually switched into the same combination of the Initial Growth Phase Fund, the Global Impact fund, the Diversified Asset Fund, the Diversified Multi Strategy Bond Fund, the Short Term Inflation Linked Fund and the Up to 5 Year UK Gilt Index Fund. In the last 5 years before selected retirement age, members funds are switched into a different combination of funds depending on which asset allocation strategy they are invested in. Switching is conducted via a target driven investment approach within the TDF based on the individual member's term to selected retirement age and at no explicit cost to members or the Trustee.

The Trustee's policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking expert advice from the AIL Advisory Team (the Trustee's "investment adviser"). In choosing the Plan's investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and the need for manager diversification.
- The suitability of each asset class for a Defined Contribution Plan.
- The need for appropriate diversification of asset classes.
- The current and expected future membership of each Section of the Plan.

The Trustee expects the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. The long term returns on the bond and cash options are expected to be lower than returns from predominantly equity options.

**September 2024**

## **DEFAULT INVESTMENT STRATEGY**

The Trustee is required to designate a default investment arrangement into which members who are automatically enrolled (which occurs by enrolment into the Defined Contribution Section) have monies invested. The Trustee has designated the Flexible Glidepath (outlined above) as the default investment arrangement for the Plan.

The default investment arrangement has been chosen by the Trustee so as to try and maximise expected long term investment returns, but to reduce volatility as members near retirement and to reflect the different options members have when they take their benefits.

As a result of careful consideration of the Plan's membership, the default arrangement is considered appropriate for the overall membership including members who are expected to draw benefits over the next few years, bearing in mind the average fund values and membership profile of the Plan.

The Trustee's policies in relation to the default arrangement in respect of matters set out in Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005, as amended are those set out elsewhere in this document.

## **RISK MEASUREMENT AND MANAGEMENT**

The Trustee recognises the key risk that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustee considered this risk when setting the investment options and strategy for the Plan. The Trustee's policy in respect of risk measurement methods and risk management processes is set out below.

The Trustee considers the following sources of risk:

- Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.
- Risk of fund managers (the Manager and the underlying investment managers) not meeting their objectives ("manager risk"). This risk is considered by the Trustee and its advisers both upon the initial appointment of the Manager and on an ongoing basis thereafter.
- Risk of the default fund being unsuitable for the requirements of some members.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative rather than quantitative manner as part of each triennial strategy review.

In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks/objectives on a regular basis, usually quarterly, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

**GOVERNANCE**

The Trustee of the Plan is responsible for the investment of the Plan assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether it has the appropriate training and expert advice in order to make an informed decision. The Trustee has established the following decision-making structure:

<p><b>Trustee</b></p> <ul style="list-style-type: none"> <li>• Set structures and processes for carrying out their role.</li> <li>• Appoint Defined Contribution and Communications Sub-Committee (DCCSC).</li> <li>• Delegate selection and monitoring of overall investment strategy to DCCSC.</li> <li>• Consider and approve recommendations from the DCCSC.</li> </ul>	<p><b>Defined Contribution and Communications Sub-Committee</b></p> <ul style="list-style-type: none"> <li>• Makes recommendations to Trustee on:             <ul style="list-style-type: none"> <li>– Selection of investment adviser.</li> <li>– Selection of overall investment strategy.</li> <li>– Selection of funds.</li> </ul> </li> <li>• Monitors the investment adviser and the Manager.</li> <li>• Monitors funds on a quarterly basis.</li> <li>• Makes ongoing decisions relevant to the operational principles of the Plan's investment strategy.</li> <li>• Implements changes to the investment fund range approved by the Trustee.</li> <li>• Delegates the selection of the platform provider and day to day management of the funds to the Manager.</li> </ul>
<p><b>Investment adviser</b></p> <ul style="list-style-type: none"> <li>• Advises on all aspects of the investment of the Plan assets, including implementation (other than where this is covered by delegation to the Manager).</li> <li>• Advises on this statement.</li> <li>• Provides commentary on the quarterly performance reporting to the Defined Contribution and Communications Sub-Committee.</li> <li>• Provides required training.</li> </ul>	<p><b>The Manager</b></p> <ul style="list-style-type: none"> <li>• Operate within the terms of this statement and its written contracts.</li> <li>• Select an appropriate platform provider.</li> <li>• Management of the funds included in the fund range.</li> <li>• Provide Plan information to Advisers and Trustee (including, but not limited to, quarterly performance reporting).</li> <li>• Provide an appropriate structure for the implementation of the three TDF strategies (including the default strategy).</li> </ul>

**September 2024**

## **DIRECT INVESTMENTS**

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments**.

The Trustee's policy is to delegate the decision-making process in relation to direct investments to the Manager (who may, in turn, delegate these decisions to underlying investment managers). The Trustee expects the Manager to consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

Both the Trustee's investment adviser and the Manager has the knowledge and experience required under the Pensions Act 1995.

The Trustee expects the Manager to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

## **IMPLEMENTATION AND ARRANGEMENTS WITH INVESTMENT MANAGERS**

AIL has been selected as investment adviser to the Trustee and Defined Contribution and Communications Sub-Committee. This advice is delivered by the AIL Advisory Team. They operate under an agreement to provide a full service designed to ensure that the Trustee and Defined Contribution and Communications Sub-Committee are fully briefed both to take decisions themselves and to monitor those they delegate. They are paid on a basis that is agreed with the Trustee and which is currently a combination of a fixed fee for core services and time and materials basis for other services. AIL is both the Manager and the investment adviser. These services are, however, delivered by separate teams within AIL.

The Trustee has appointed the Manager, which it considers to be its investment manager. References in this policy to 'underlying investment managers' refers to those investment managers which the Manager in turn appoints to manage investments on behalf of the Trustee.

The fund manager structure and investment objectives for each top-level fund are as set out in the Appendix.

The Trustee recognises that the arrangements with the Manager, and correspondingly the underlying investment managers, are important to ensure that interests are aligned. In particular, the Trustee seeks to ensure that the Manager is incentivised to operate in a manner that generates the best long-term results for the Plan and its beneficiaries.

The Trustee receives quarterly reports from the Manager providing detail on various items including the default investment strategy and wider fund range, performance and longer-term positioning of the funds in which the Trustee invests. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Plan's objectives and assesses the Manager over rolling three year periods and since inception.

The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by the Manager, which supports the Trustee in determining the extent to which the Plan's engagement policy has been followed throughout the year.

## September 2024

The Trustee delegates the ongoing monitoring of underlying investment managers to the Manager. The Manager monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the underlying investment managers are aligned with the investment objectives of each fund used by the Plan. This includes monitoring the extent to which the underlying investment managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

Before appointing a new delegated DC service provider, the Trustee will review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where required, the Trustee will seek to amend that documentation or will express its expectations by other means (such as through a side letter, in writing, or verbally at Trustee meetings) so that there is more alignment.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the Manager, and regular monitoring of the Manager's performance and investment strategy, is sufficient to incentivise the Manager to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where the Manager is considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the Manager but could ultimately replace it where this is deemed necessary.

The Trustee has not set a duration for its arrangements with the Manager, although its continued appointment is reviewed periodically. Similarly, there are no set durations for arrangements with the underlying asset managers that the Manager invests in, although this is regularly reviewed as part of manager research and portfolio management processes in place.

**September 2024**

## **RESPONSIBLE INVESTMENT AND ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("ESG") CONSIDERATIONS**

The Trustee considers investment risk to include ESG factors and climate change. These risks could impact the Plan's investments. The Trustee considers these risks by taking advice from its investment adviser. The Trustee has appointed the Manager to manage the Plan's assets. The Manager invests in a range of underlying investment vehicles.

As part of the management of the Plan's assets, the Trustee expects the Manager to:

- Where relevant, assess the integration of ESG factors in the investment process of underlying managers;
- Use its influence to engage with underlying managers to ensure the Plan's assets are not exposed to undue risk; and
- Report to the Trustee on its ESG activities as required.

### **Members' Views and Non-Financial Factors**

The Trustee has made the Ethical and Islamic equity funds available to members who would like to invest in funds with these specific considerations. The Trustee has also made an ESG impact fund available for those members who want to invest in companies whose products and services are expected to make wider positive societal or environmental impact. The Trustee believes that the underlying funds that make up the default fund and other self-select funds should not apply personal ethical or moral judgements as the sole basis for an investment decision.

Whilst acknowledging the Trustee's fiduciary duty is to improve member outcomes, financial factors should not be the only concern when making investment decisions.

The Trustee will consider the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]).

## **COSTS AND PERFORMANCE**

The Trustee assesses the performance of the Manager on a net of all costs basis and recognise that this provides an incentive on the Manager to control costs. However, it also believes that explicit, regular monitoring of the level and the trends of costs incurred will enhance those incentives.

The Trustee receives annual cost transparency reports from the Manager. These reports present information in line with prevailing regulatory requirements for fiduciary managers. They clearly set out on an itemised basis:

- The total amount of investment costs incurred by the Plan;
- The fees paid to the Manager;
- The amount of portfolio turnover costs (transaction costs) incurred by the investment managers appointed by the Manager;
  1. The Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the funds of the underlying investment managers;
- Any charges incurred through the use of pooled funds (custody, administration, audit fees etc.);
- The impact of costs on the investment return achieved by the Plan.

<sup>[1]</sup> The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018



## September 2024

The Trustee expects the Manager to provide full disclosure of costs in line with prevailing regulatory requirements.

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager's style and historic trends. The Manager monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the investment managers appointed on behalf of the Trustee.

### Evaluation of performance and remuneration

The Trustee assesses the performance (net of all costs) of the Manager over rolling three year periods and since fund inception for both the default strategy and wider range of funds offered to members by comparing performance against benchmark and the stated investment objective. The remuneration paid to the Manager and the fees incurred by third parties appointed by the Manager are provided annually to the Trustee. This cost information is set out alongside the performance of the funds to provide context. The Trustee monitors these costs and performance trends over time.

The Trustee benefits from the economies of scale provided by the Manager in two key cost areas:

- The ability of the Manager to negotiate reduced annual management charges with the underlying investment managers;
- The ability of the Manager to monitor ongoing investment costs (including additional fund expenses and portfolio turnover) incurred by the underlying investment managers and achieve efficiencies where possible.

## **STEWARDSHIP AND THE EXERCISE OF RIGHTS ATTACHED TO INVESTMENTS**

The Trustee recognises the importance of their role as stewards of capital and the need to assess all financially material risks in its investment decision making process. This includes risks associated with climate change, as well as other ESG-related factors. To this end, the Trustee strives to maintain a high standard of governance, promotion of corporate responsibility and respect of environmental factors throughout the Plan's portfolio. The Trustee believes that doing so ultimately creates long-term financial value and reduces risk for the Plan and its beneficiaries.

The Trustee carefully reviews the Manager's approach to stewardship, and other ESG-related matters, and communicates its expectations and standards to the Manager. These standards include:

- The Trustee expects the Manager to be a signatory to the PRI.
- The Trustee expects the Manager to ensure that, where appropriate, underlying investment managers use their influence as major institutional investors to exercise the Plan's rights and duties as a shareholder.
- The Trustee expects the Manager to provide adequate transparency around stewardship activities, including annual reporting on the stewardship activities of the underlying managers.

The Trustee will engage with the Manager as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned.

Where possible, the transparency for voting should include voting actions and rationale with relevance to the Plan, in particular where:

- votes were cast against management;
- votes were abstained; and
- voting differed from the voting policy of the underlying investment manager.

Furthermore, where voting is concerned, the Trustee expects underlying investment managers to recall stock lending, as necessary, in order to carry out voting actions.

The disclosures offered for engagements should include the objectives and relevance to the fund, methods of engagement, progress and perspectives around shortcomings and outcomes to date, as well as escalation points and procedures as necessary.

The Trustee reviews the Manager's stewardship activity on an annual basis to ensure the Plan's stewardship policy is being appropriately implemented in practice. The Trustee does so to ensure that the Manager acts in

## **September 2024**

a manner that is consistent with the Trustee's policies and objectives. If the Manager is found to fall short of the standards set by the Trustee, it is expected to provide satisfactory explanations as to why it is not. While the Trustee may seek to engage with the Manager if it is deemed to be falling short of its standards to reach a more sustainable position, failure to comply may result in a decision to replace it.

The Trustee may engage with the Manager, who in turn is able to engage with underlying investment managers, investee company or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made. Where a significant concern is identified, the Trustee will consider, on a case-by-case basis, a range of methods by which it would monitor and engage so as to bring about the best long-term outcomes for the Plan.

### **ILLIQUID INVESTMENTS**

The Plan's assets are invested in daily priced pooled investment funds, and the vast majority of the underlying assets are invested in quoted markets. The platform provider can be required to realise investments as soon as it becomes appropriate to do so.

The Trustees may hold illiquid investments on behalf of DC members in the default investment strategy.

Any illiquid holdings will be made up of underlying holdings within the wider Flexible Glidepath strategy into which members are invested. Allocations to illiquid assets may be held at any point in the Flexible Glidepath strategy, and therefore for members of any age profile, either to enhance return potential or provide diversification benefits relative to the liquid holdings within the strategy.

Any and all decisions relating to the holding of illiquid investments (including asset class decisions) are at the discretion of the Manager. The Trustee permits the inclusion of any types of illiquid asset at the discretion of the Manager. These allocations may increase or decrease over time.

Whilst the Trustee recognises that illiquid investments may be associated with higher costs, and liquidity risks, it nevertheless believes that the benefits of diversification and potential for higher returns of certain illiquid investments may benefit members in the long term.

The Trustee also believes the Manager is best placed to use its expertise to determine the appropriateness of holding illiquid investments in the Flexible Glidepath strategy at any particular time, and to use the liquid portions of the strategy to ensure members have sufficient access to liquidity.

### **REVIEW**

The Trustee will review this SIP at least every three years and without any delay after any significant change in investment policy or the demographic profile of relevant members.

The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

September 2024

## Appendix – Fund Options

Objective Based Funds				
White-labelled investment fund name	Performance target	Benchmark Index	Total Expense Ratio <sup>1</sup>	Investment Objectives
Aon Managed Diversified Multi-Asset Fund	To outperform the benchmark by 3.0% per annum over rolling three year periods	SONIA	0.42% pa	The Fund aims to outperform its benchmark by 3.25% per annum, before the deduction of fees, over a rolling market cycle. The Fund aims to achieve this by investing in a diversified portfolio of assets which can include actively and passively managed funds and which will provide exposure to a range of different assets at any one time.
Aon Managed Long Term Inflation Linked Fund	To match the benchmark return as closely as possible	FTSE UK Gilts Index-Linked Over 5 Years Index	0.28% pa	The Fund aims to perform in line with its benchmark by investing in a range of funds that provide exposure to longer dated UK index linked gilts.
Aon Managed Pre-Retirement Bond Fund	To match the benchmark return as closely as possible	The long term expected rate of return for this fund is broadly similar to that of a traditional level annuity product	0.39% pa	The Fund aims to perform in line with its benchmark by investing in a range of funds that provide exposure to Sterling assets that reflect the broad characteristics of investments underlying the pricing of a typical level annuity product.
Aon Managed Liquidity Fund	To match the benchmark return as closely as possible	SONIA <sup>2</sup>	0.40% pa	The Fund aims to track its benchmark by investing in a range of funds that provide exposure to sterling denominated short-term money market instruments.

<sup>1</sup>TERs are as at 31 March 2024 and include Additional Fund Expenses (AFEs).

<sup>2</sup>Benchmark changed from 7-Day LIBID to SONIA with effect from 30 December 2021

## September 2024

<b>Asset class funds</b>				
<b>White-labelled investment fund name</b>	<b>Performance target</b>	<b>Benchmark Index</b>	<b>Total Expense Ratio</b>	<b>Investment Objectives</b>
Aon Managed Global Equity Fund	Outperform its benchmark	MSCI All Country World Index Net Return GBP	0.34% pa	The Fund aims to outperform its benchmark by investing in a range of funds that provide exposure to global equities, including emerging market equities.
Aon Managed Active Global Equity Fund	Outperform its benchmark	MSCI World Index Net GBP	0.94% pa	The Fund aims to outperform its benchmark by investing in a range of funds that provide exposure to global equities.
Aon Managed Global Impact Fund	Outperform its benchmark	MSCI World Index Net GBP	0.88% pa	The Fund aims to outperform its benchmark over rolling five-year periods and provide a positive impact on society / environment.
Aon Managed Property and Infrastructure Fund	Outperform its benchmark	70% FTSE EPRA/NAREIT Developed Index/ 15% ARE/IPD UK Quarterly All Balanced Property Index/ 15% FTSE Developed Core Infrastructure Index	0.48% pa	The Fund aims to outperform its benchmark by investing in a range of funds that provide exposure to a diversified range of commercial property assets and suitable listed securities within the property and infrastructure sectors.
Aon Managed Bond Phase Fund	To outperform the benchmark by 1.0% per annum over rolling three year periods	50% SONIA <sup>3</sup> 50% iBoxx Sterling Non-Gilts All Stocks Index	0.42% pa	The Fund aims to outperform its benchmark by 1.0% per annum over rolling three year periods <sup>4</sup> . The Fund aims to achieve its objective by investing in a range of Aon Managed Funds that provide exposure to a range of bond funds.
Aon Managed Passive Corporate Bond Fund	To match the benchmark return as closely as possible	iBoxx Sterling Non-Gilts All Stocks Index	0.28% pa	The Fund aims to perform in line with its benchmark by investing in a range of funds that provide exposure to corporate bonds.

<sup>3</sup>Benchmark changed from 50% 3-month LIBOR GBP / 50% iBoxx Sterling Non-gilts All Stocks Index to 50% SONIA / 50% iBoxx Sterling Non-gilts All Stocks Index with effect from 30 December 2021

<sup>4</sup>With effect from 30 December 2021. Prior to 30 December 2021 the investment objective was to aim to outperform the benchmark (50% 3-month LIBOR, 50% iBoxx Sterling Non-Gilts All Stocks Index) by 1.5% per annum over rolling three year periods

September 2024

<b>Asset class funds</b>				
<b>White-labelled investment fund name</b>	<b>Performance target</b>	<b>Benchmark Index</b>	<b>Total Expense Ratio</b>	<b>Investment Objectives</b>
Aegon BlackRock UK Equity Index Fund	To match the benchmark return as closely as possible	FTSE All Share Index	0.24% pa	Invests in shares of UK companies and aims to produce a return in line with its benchmark.
Aegon BlackRock World (ex UK) Equity Index Fund	To match the benchmark return as closely as possible	FTSE All-World Developed ex-UK Index	0.24% pa	Invests in shares of overseas companies (Europe ex-UK, Japan, Pacific Rim, US and Canadian markets) according to market capitalisation weightings and aims to produce a return in line with its benchmark.
Aegon BlackRock Emerging Markets Equity Index Fund	To match the benchmark return as closely as possible	MSCI Global Emerging Markets Index	0.47% pa	The Fund objective is to achieve a return that is consistent with the return of the MSCI Global Emerging Markets Index.
Aegon LGIM Ethical Global Equity Index Fund	To match the benchmark return as closely as possible	FTSE4Good Global Equity Index	0.55% pa	Invests mainly in overseas equities within the FTSE4Good Global Equity Index and aims to track the return of its benchmark.
Aegon HSBC Islamic Global Equity Index Fund	To match the benchmark return as closely as possible	Dow Jones Islamic Titan Index	0.54% pa	Invests in company shares from around the world and is compliant with Islamic Shariah principles.

*This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulation 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustees also comply with the requirements to maintain and take advice on the Statement and with the disclosure requirements.*

## Appendix – Trustee's Responsible Investment Beliefs

### Trustee beliefs – current approach

- We expect the Manager to consider ESG ratings and additional information to monitor the appropriateness of investment arrangements and where appropriate
- We expect underlying investment managers to consider ESG issues related to the companies or assets they invest in

### Trustee beliefs – implementation

- We expect both the Manager and underlying investment managers to integrate ESG considerations into the investment process
- We expect the Manager to keep abreast of developments and emerging best practice on responsible investment issues and to manage the portfolios accordingly
- We will ask our advisers to provide regular updates on their responsible investment activities
- We will make our policies available to members

### Trustee beliefs – environmental

- We believe that the Plan is exposed to the risks posed by climate change and it may impact the Plan's investments over its time horizon
- We recognise that it is possible to practically prepare for climate change and we expect both the Manager and underlying investment managers to position assets accordingly where appropriate to do so

### Trustee beliefs – social

- We expect, where appropriate, the Manager will engage with underlying managers to consider the impact companies invested in have on customers and society
- We expect, where appropriate, the Manager will engage with underlying managers to avoid investing in the most harmful companies

### Trustee beliefs – governance

- We believe that poorly governed companies are more likely to underperform, and that good stewardship can lead to better risk-adjusted returns
- We expect the Manager to monitor the voting and engagement practices of underlying investment managers and to act on this information where appropriate

### Trustee beliefs – non-financial factors

- Whilst acknowledging the Trustee's fiduciary duty is to improve member outcomes, financial factors should not be the only concern when making investment decisions
- We will consider members' views and feedback in relation to ethical considerations, social and environmental impact, or present and future quality of life matters. Where relevant, we expect the Manager to take them into account with respect to investment matters