AEGON MASTER TRUST

Report and Financial Statements

For the year ended 31 March 2024

Registered Number: 12006781

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Introduction from Ian Pittaway, Nominated Representative of Independent Trustee Limited, Chair of the Trustees

As your Chairman of Trustees, I'm delighted to be able to provide you with this annual update on the Aegon Master Trust (the 'Scheme') and tell you more about the role that the Trustees carried out for you during the period from 1 April 2023 to 31 March 2024 (the 'Scheme year').

We, the Trustees of the Scheme (referred to as 'Trustees', the 'Trustee Board', 'we' or 'us' within this statement) are required by law to make this statement and we welcome the opportunity to tell members (referred to as 'Members' or 'you' within this statement) about the governance of the Scheme.

As at 31 March 2024 the Trustees had responsibility for approximately £4.77bn of investment assets and 180,400 Members.

In this update, we're giving you information about the Trustee Board, an update on key milestones and developments, our investment strategy for the Scheme, service performance, details of costs and charges, and how we work to ensure the Scheme provides good value for Members. Under the section looking at costs and charges, we've included illustrative examples of the cumulative effect of costs and charges over time.

We've also included further details about the Trustees in Appendix 1, setting out how the Trustees are selected, their knowledge and understanding, what they bring to the Scheme and the importance of ongoing training.

Improvements to the Scheme

We are pleased to report that Aegon and the Trustees continue to invest in improving the services offered to you. Some of the key developments included: amendments to the core default fund, LifePath (LifePath funds are what's known as target dated funds. This means they automatically change what they invest in as you get closer to your selected retirement date.); the addition of Pension Geeks videos; the updated online document store; enhancements to More Ways to Save; and the introduction of online expression of wish forms to Member Insights. Details of these improvements and others introduced during the Scheme year can be found in Section 2 of the report.

Service

In last year's statement we highlighted the investment Aegon had made into its staff recruitment and retention to improve the service provided to Members. The Trustees view the service we provide to you as a key part of the Scheme offering. With that in mind, we undertook a site visit to the Aegon Peterborough office in December 2023 to see the customer service team in action. This helped us to understand the challenges being faced and actions being taken to address them.

Following the investment and changes Aegon has made in this area, to enable a return to a good level of service, we have seen continued signs of improvement and believe service has returned to the levels you require. Further details on service performance on core financial transactions can be found in Section 5 of the statement.

Investment Performance

During the Scheme year Aegon BlackRock LifePath Flexi, the investment option that the majority of members are invested in, experienced positive returns across every portfolio. You can find further details on investment performance and how the Trustees oversee the investment performance of the Scheme in Section 3 of the statement. Both equities and bonds saw significantly improved returns relative to the difficult market backdrop of 2022, with Developed Market equities performing strongly across the board driven largely by high returns within US equities in particular, mainly due to the exceptional growth of seven technology stocks.

Cost of Living Crisis

High inflation and the cost of living crisis during the Scheme Year may have put people's finances under more pressure. This may have impacted your ability to save, as well as your existing savings/pension investments. It can be worrying to see short-term fluctuations in value. Aegon have lots of support available to help you including a dedicated Cost of Living Hub which can be accessed via this link **Cost of Living.**

The Trustees are fully committed to high governance standards, and we make sure that the Scheme is managed in accordance with the Scheme's governing documentation (i.e. the Trust Deed and Rules) and relevant legislation. We appoint professional advisers and service providers to assist us in running the Scheme and take advice from our investment adviser whenever we review the appropriateness of the Scheme's investment funds and strategy.

Our current advisers are:

Accountants:	Aegon (as defined below)
Auditor:	Ernst & Young LLP
Investment:	Isio Group Limited
Legal:	Eversheds Sutherland (International) LLP and Stephenson Harwood LLP, as standby Legal Advisor
Assurance Auditor:	CLA Evelyn Partners

Scottish Equitable plc (SE plc) is the Sponsoring Employer of the Scheme and Scheme funder. It is also our administration service provider. SE plc is an indirect subsidiary of Aegon UK plc ("Aegon UK") and its brand name is "Aegon". Where I refer to "Aegon" in this statement, I mean SE plc.

We hope you find this update useful. We're always keen to hear your views on the Scheme, so please contact us at **yourMT@aegon.co.uk** if you have anything you'd like to let us know about the Scheme and your membership of it. In addition, Section 7 of this Statement explains other arrangements we have in place for you to contact the Scheme and share your views and provide feedback.

Aegon issue a quarterly member newsletter, on behalf of the Trustees, so please make sure your email address is up to date and accurate. You can do this easily by activating or signing into your secure TargetPlan account.

Section 1:
Your Trustee Board

The Trustees provide governance and investment oversight to the Scheme, independently of Aegon. They are responsible for the proper running of the Scheme in accordance with the Scheme documentation, legislation and regulations. It is the Trustees' duty to act in the Members' best interests.

During the Scheme year the Trustee Board was made up of four trustees, all of whom are non-affiliated (independent) Trustees, including the Chairman. Broadly, "non-affiliated" means that the Trustee must not have been affiliated with any company which provides (or has in the last five years provided) services to the Scheme.

The independent/non-affiliated Trustees during the Scheme Year were:

- Independent Trustee Limited, represented by Ian Pittaway;
- Zedra Governance Limited, represented by Alison Bostock;
- Helen Parker; and
- Graeme Griffiths

More information about the Trustees can be found in Appendix 1.

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.

Section 2:
Key milestones and developments

Authorisation of master trust schemes

All master trusts must be authorised by the Pensions Regulator in accordance with the Pension Schemes Act 2017. The Pension Regulator is also responsible for ongoing supervision and oversight of each master trust to ensure the authorisation criteria continue to be met.

The Scheme was authorised by TPR on 6 September 2019. All authorised master trusts are listed on regulator's website **https://www.thepensionsregulator.gov.uk/en/master-trust-pension-schemes/list-of-authorised-master-trusts**.

Improvements to the Scheme

The Trustees, along with Aegon, are committed to providing extra value and benefits to employers and Members of the Scheme. During the Scheme year the Trustees and Aegon made the following improvements:

Proposition delivery

- **Expression of wish** – the ability for members to add and manage beneficiaries online was launched in early 2023, Aegon have now developed the proposition for employers by integrating online nomination within their governance tool, Member Insights. Employers can send a targeted automated campaign with reminders to their scheme members who have not yet completed their nominations and monitor who takes action. This capability is also now signposted in welcome emails, annual benefit letters and promotional panels online. Aegon has seen a positive uptake in this key member action across 2023. Not only is it easier for members to nominate who receives benefits in the event of their death, employers can support this important action, which can help give members peace of mind at a time when they may need it the most.

- **Aegon.co.uk website** – Aegon developed and re-launched their website using new technology, with updated content and navigation improvements, adding a search function so all users can reach the information they need. Members can access a range of educational content including guides and videos to help them understand Aegon products and actions they can take towards providing better outcomes.

- **Pension Geeks Videos** – a number of useful Pension Geeks videos were added to the online guides page where members can access this helpful educational content. The videos were also added to a number of relevant pages throughout TargetPlan, signposting the support at the point where it is of most help to members.

- **Online document store** – Aegon has updated the online document store within the TargetPlan member portal. This makes key member information and documents easier to find. This capability also allows key documents, such as Key Features, Policy Conditions and AMT member booklets to be stored – both the version that was in place when the member joined as well as the current version.

- **Warm up retirement journey** – Aegon have worked closely with behavioural experts to produce a refreshed email journey that went live in December - the postal communications are replaced with the new suite of emails, including much clearer messaging, and directing members to use the TargetPlan app. The digital journey improves the offering for members in terms of support, access to important information and use of online accounts as members approach retirement. Emails are triggered a year away from the members Target Retirement Age (TRA). Members can also choose to continue to receive paper communications if they prefer.

- **Core Default Option** – The Trustee Board and Aegon conducted a review of the LifePath default fund during the Scheme Year. Following the review, BlackRock, the firm that manages LifePath, made amendments to the fund's asset allocation to increase its resilience to higher inflation, reduce interest rate risk and benefit from greater foreign currency exposure. LifePath's performance was strong over the year, benefitting from favourable investment markets as well as the recent changes to its asset allocation.

- **More Ways to Save** – Enhancements were made to Aegon's Stocks and Shares ISA (Individual Savings Account) capability, providing online management journeys where members can set up or amend regular payments and withdraw funds from their ISA.

Education and Thought leadership

- **Pension Geeks TV** – these live and interactive online studio events are another part of Aegon's wider financial education programme to help members understand what they have and actions they should consider taking to achieve good outcomes. Taking place across 2023, sessions were open to all Members and featured guest experts from MoneyHelper, Institute for Financial Wellbeing and Make My Money Matter. These informative programmes deliver key educational content in a way that forges closer connections with members (who may not otherwise choose to actively engage with their workplace pension) improving overall understanding of money and workplace pensions. Sessions included varied content, from basic pension education through to more detailed sessions on responsible investments. The live events are supported by an information hub and follow-up 'Understand your Aegon pension' webinars – live targeted 'how-to' workshops that help members to apply what they have learned to their own circumstances and retirement plans, showing them what actions and steps can be taken to achieve better retirement outcomes.

- **The Second 50: Navigating a multi-stage life** – Aegon's latest thought leadership report was published following research on how radically different life after 50 will be for people in the future compared with previous generations. With people on average living longer, life after 50 is more likely to be 'multi-staged' than the historic convention of education, work and retirement.

Aegon explore what living longer could mean particularly for those over 50, as relationships with work are changing and what challenges are faced, both positive and negative. Many may need to adapt their future plans to accommodate changing circumstances and could mean working longer, or a return to work for those who have previously stopped. All this could bring a feeling of great uncertainty, while everyone will have their own very personal journey, Aegon present recommendations on how 'The Second 50' can be used as a time of great potential.

- **Financial wellbeing week** – Aegon ran a financial wellbeing week in November 2023, aimed at employers. This involved live virtual webinars on many topics associated with financial wellbeing plus the opportunity to ask questions.

Chair's comment

We are pleased to see Aegon continues to invest in the Scheme to improve the services available to Members. This should help Members to self-serve and, ultimately, improve Member outcomes.

Section 3:
Investment arrangements

The Trustees have appointed an Investment Sub-Committee (ISC) to ensure the key topic of investments within the Scheme receives regular and focused oversight. The ISC reports to the main Trustee Board and its remit and responsibilities are set out in its Terms of Reference. Throughout the Scheme year the ISC has met regularly, reporting to the full Trustee Board each quarter. The Trustees have appointed an Independent Investment Adviser, Isio, to assist in the oversight of investments. To ensure the input of the Scheme's Independent Investment Advisers is regular and timely the Trustees have invited Isio to attend all the ISC meetings which are held at least quarterly, and more often as required. Isio is also invited to attend the main Trustees' quarterly meetings. Isio and Aegon's investment team also maintain regular engagement meeting at least monthly.

The Trustees have set strategic objectives for Isio, and review performance against these objectives on an annual basis. This Scheme year's review was completed in May 2023. Following this year's review the Trustees made no changes to the Independent Investment Adviser Objectives and judged Isio to have performed well against those objectives.

The Scheme works only with Isio as Independent Investment Advisers. The Trustees deem neither SE Plc, nor the Asset Managers used for the Scheme investments, as Independent Investment Advisers under the current regulations set out by The Pensions Regulator (TPR).

The Trustees receive regular, detailed fund reporting from Aegon. This fund reporting includes quarterly performance versus the fund's benchmark and similar funds in the market, the fund's latest Value for Money status and within the Scheme year, the Trustees requested that Aegon add an assessment of the environment, social and governance (ESG) integration within each fund. The Trustees regularly look to see how the reporting can be further improved, ensuring the key performance information is as clear as possible, and that it helps guide where the Trustees need to focus attention. During the Scheme year the 'dashboard' for the data the Trustees receive has been under close review, Isio has helped in this development. The Trustees believe the resulting structure of the summary and the system used for rating funds have further improved the reports, and both help identify where further investigation is required which will be a continued area of focus for the next Scheme year.

The Trustees meet at least once each Scheme year with BlackRock to receive updates on the LifePath funds directly from the asset manager. This Scheme year the frequency of the ISC meetings has been increased to quarterly to ensure close oversight of the LifePath funds, with the Trustees' asking BlackRock to present on a wide range of topics including strategy design, fund performance, sustainability reporting, engagement and voting.

Value For Money: A framework on metrics, standards & disclosures

The Value for Money regulation is a tri-partite initiative driven by the Financial Conduct Authority (FCA), Department for Work and Pensions (DWP) and TPR. It aims to establish a single, cross-market approach to Value for Money Assessments. It is expected to be implemented in December 2027.

This proposed regulation would overhaul the costs and charges, investment performance and quality of service disclosures the Trustees will be required to publish. Work is underway to ensure the Trustees are well prepared for this reporting change.

Statement of Investment Principles (SIP)

The SIP provides details of the investment offering including default arrangements and other investment options, together with the investment policies which guide the way in which Members' pension savings are invested and managed. These policies apply across all the Scheme's investments (unless otherwise stated) and are intended to ensure that the assets are invested in the best interests of Members and beneficiaries.

The SIP has been updated twice in the Scheme year, in May 2023 and in September 2023. All comments on the suitability of investments, and the Implementation Statement are made with reference to the two applicable SIPs during the Scheme year (the SIP adopted by the Trustees in May 2023 and the revised version adopted in September 2023).

The May update covered the early implementation of updates to the AMT Fund Range, and the implementation of the previously reported changes to the Bespoke Notional Sections. In line with the Trustees' responsible investment beliefs, the changes to the fund range strengthened the focus on the risks and opportunities arising from climate change and other ESG factors, so that Members can select funds based on their own sustainability preferences. The Trustees also considered Members' understanding of investment terminology to create a simplified and consistent naming structure across the range. The revised SIP additionally included updated Trustees' responsible investment beliefs.

The September update reflected the progress of implementation for the changes to the AMT Fund Range at a point when roll-out had reached more than 50% of Members with the key change being the update to the number of Bespoke Notional Sections within the Scheme.

The SIP was further updated beyond the Scheme year in April 2024. The principal changes to this were the addition of an Illiquids Policy; updates to the Trustees' responsible investment beliefs following a policy review in February 2024; updates to the asset allocation charts to reflect the position at the end of the Scheme year; and updates to reflect changes to the Bespoke Notional Sections.

The updated SIP from April 2024 is attached in Appendix 3. Here, you can find more information about the Scheme default arrangements and all other funds available under the Scheme. The SIP is also available online at **https://www.aegon.co.uk/workplace/master-trust.html.**

The Implementation Statement can be found in Appendix 4.

The Trustees' investment beliefs

The investment beliefs of the Trustees remained unchanged within the Scheme year and are detailed below:

i. Default arrangements should reduce Members' exposure to investment risk throughout their lifetime, as well as reflect their likely pension benefit choices.

ii. The fund range should meet the needs of the target market and it should be presented in a simple way that helps to combat common behavioral biases.

iii. Other self-select investment options should be offered to meet the differing risk and goal preferences of Members.

iv. As long-term investors, the Trustees believe the fund range should, where possible, align with the Trustees' responsible investment beliefs.

Default funds:

Standard default investment arrangements

In line with the SIP, and the Trustees' investment beliefs, the Trustees provide default investment funds for Members who do not choose where to invest their pension savings.

Aegon BlackRock LifePath Flexi is the Scheme's chosen default fund. This fund adjusts its allocation based on the number of years to a Member's NRD (nominated retirement date). The fund targets an asset allocation at retirement, which is appropriate for Members who are planning to leave their pension savings invested and draw regular income or make ad-hoc withdrawals from their pension savings.

The Scheme also offers two alternative default funds to Aegon BlackRock LifePath Flexi:

- Aegon BlackRock LifePath Retirement – designed for Members who plan to turn their pension savings into a guaranteed income through the purchase of an annuity.

- Aegon BlackRock LifePath Capital – designed for Members who plan to withdraw their pension as cash

The asset allocation of Aegon BlackRock LifePath funds gradually alter the investment mix as Members approach their NRD. Earlier on in a Member's working life, the fund's strategy is weighted towards riskier assets such as equities (stocks and shares), then leading up to a Member's target retirement date, the fund's strategy gradually moves to a more cautious asset mix such as government bonds.

All the Aegon BlackRock LifePath strategies (Flexi, Retirement and Capital) are invested in the same assets up until 10 years before the Member's target NRD. At this stage, the three funds begin to differ to suit the different retirement outcome of each fund. The asset allocation for each is shown in the Scheme's Statement of Investment Principles (SIP). This Scheme year changes were made to the asset allocation within the LifePath funds. Those changes are detailed below.

Trustees view on suitability of the standard default funds.

The Trustees must commission a review of the suitability of the Scheme default funds by the Independent Investment Advisers at least every three years and without delay after any significant change in investment policy or the demographic profile of the Members. The review provides the Trustees with advice for the purpose of Section 36 of the Pensions Act 1995, in respect of the appropriateness and suitability of the default strategies for Scheme Members. It provides the Trustees with analysis of the default funds during the various stages, how the funds were managed, charges for the funds, and their performance.

The last review of Aegon BlackRock LifePath Flexi, Aegon BlackRock LifePath Capital and Aegon BlackRock LifePath Retirement was carried out in the 2021-2022 Scheme year. The Trustees have had ongoing discussion with Isio, its investment advisers, on the continued suitability of these funds, particularly in light of their disappointing performance in 2022 due to difficult market conditions and the funds' significant exposure to long-term UK government bonds for near-retirees in particular. Based on the most recent formal review and the extensive further discussions that have taken place since then, the Trustees remain satisfied that each of the three Aegon BlackRock LifePath default funds remain appropriate for Members as default funds, however the Trustees will continue to assess suitability in conjunction with Isio.

The next independent review of the default funds is scheduled for the Scheme year starting 1 April 2024.

From the detailed analysis supplied by both Aegon and Isio, the Trustees are satisfied that, during the Scheme year, the Aegon BlackRock LifePath funds continued to be managed in a way that matched their fund objectives.

Asset allocation of all available default funds

At the end of the Scheme year, the percentage asset allocation of the scheme's main default, **Aegon BlackRock LifePath Flexi** at various stages of a Member's investment journey is shown below:

Years from retirement	Cash	Bonds					Listed Equities			Commodities	Infrastructure	Property	Private Equities	Private Debt
		UK Government	Index Linked UK Government	Overseas Government	UK Corporate	Overseas Corporate	UK*	Developed Market	Emerging Markets					
30	0.0%	0.0%	0.0%	0.0%	1.1%	1.3%	3.2%	81.6%	8.0%	0.0%	0.0%	4.8%	0.0%	0.0%
20	0.0%	4.8%	0.4%	6.5%	3.3%	4.1%	2.7%	67.9%	6.7%	0.0%	0.0%	3.7%	0.0%	0.0%
10	0.0%	10.5%	5.0%	13.7%	4.4%	5.3%	2.0%	51.8%	4.6%	0.2%	0.0%	2.4%	0.0%	0.0%
At retirement	0.0%	17.6%	15.0%	21.4%	2.7%	3.3%	1.3%	33.9%	2.5%	1.3%	0.0%	1.0%	0.0%	0.0%

At the end of the Scheme year, the percentage asset allocation of **Aegon BlackRock LifePath Retirement** at various stages of a Member's investment journey is shown below:

Years from retirement	Cash	Bonds					Listed Equities			Commodities	Infrastructure	Property	Private Equities	Private Debt
		UK Government	Index Linked UK Government	Overseas Government	UK Corporate	Overseas Corporate	UK*	Developed Market	Emerging Markets					
30	0.0%	0.0%	0.0%	0.0%	1.1%	1.3%	3.2%	81.6%	8.0%	0.0%	0.0%	4.8%	0.0%	0.0%
20	0.0%	4.8%	0.4%	6.5%	3.3%	4.1%	2.7%	67.9%	6.7%	0.0%	0.0%	3.7%	0.0%	0.0%
10	3.2%	12.7%	4.6%	12.6%	5.5%	4.9%	1.9%	48.0%	4.3%	0.1%	0.0%	2.2%	0.0%	0.0%
At retirement	56.5%	29.3%	0.0%	0.0%	14.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

At the end of the Scheme year, the percentage asset allocation of **Aegon BlackRock LifePath Capital** at various stages of a Member's investment journey is shown below:

Years from retirement	Cash	Bonds					Listed Equities			Commodities	Infrastructure	Property	Private Equities	Private Debt
		UK Government	Index Linked UK Government	Overseas Government	UK Corporate	Overseas Corporate	UK*	Developed Market	Emerging Markets					
30	0.0%	0.0%	0.0%	0.0%	1.1%	1.3%	3.2%	81.6%	8.0%	0.0%	0.0%	4.8%	0.0%	0.0%
20	0.0%	4.8%	0.4%	6.5%	3.3%	4.1%	2.7%	67.9%	6.7%	0.0%	0.0%	3.7%	0.0%	0.0%
10	7.7%	9.7%	4.6%	12.6%	4.0%	4.9%	1.9%	48.0%	4.3%	0.1%	0.0%	2.2%	0.0%	0.0%
At retirement	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

* UK equity exposure is estimated based on a regional market capitalisation assumption of 3.79%. Within this context, market capitalisation is a term used to define a region's share of the global equity market.

At the end of the Scheme year, the percentage asset allocation of **SG Dynamic Property** blend, used as default within a bespoke default arrangement is shown below, this is not a lifestyle fund and therefore the asset allocation does not change based on a member's years to retirement:

Years from retirement	Cash	Fixed Income						Listed Equities			Property	Infrastructure	Commodoties	Private Equities	Private Debt	Other
		UK Government	Index Linked UK Government	Global ex-UK Government	UK Corporate Bonds	Global ex-UK Corporate Bonds	Emerging Market Debt	UK*	Developed Market (ex-UK)	Emerging Markets						
NA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100%	0.0%	0.0%	0.0%	0.0%	0.0%

Changes made to Aegon BlackRock LifePath funds

In 2022, which fell into the previous Scheme year there were difficult times in financial markets, and this had led to sharp falls in returns across many asset classes. As noted in the last report, the Aegon BlackRock LifePath funds were not immune to this market volatility, most especially for the returns for Members approaching or at their NRD. While the economic instability of the markets negatively impacted the returns of the majority of funds across all Master Trust schemes, the Aegon BlackRock LifePath funds had performed worse than many other similar funds in the market, especially for Members at or close to retirement because of the higher allocation to long-term UK government bonds. The Trustees engaged with BlackRock to review the asset allocation of the fund to better position the portfolio moving forwards.

BlackRock regularly attended the Investment Sub-Committee (ISC) during 2023 and acknowledged the under-performance of the Aegon BlackRock LifePath funds during 2022. As stated above, BlackRock identified LifePath's relatively high exposure to long-term government bonds as a key reason for the underperformance, in line with both Aegon's and Isio's analysis. BlackRock also identified that foreign currency hedging had adversely impacted performance, as the pound continue to weaken against other currencies, most notably the US dollar. Aegon BlackRock LifePath Flexi also has no allocation to cash, which was one of the few asset classes to deliver positive returns in 2022.

In line with BlackRock's existing research themes and reflecting on the funds experience during 2022 and the challenging markets, BlackRock made several changes to the Aegon BlackRock LifePath funds. The changes were largely focused on the asset allocations of a Member closer to or at their nominated retirement date however, all vintages of the Aegon BlackRock LifePath funds were in scope of the changes made. The overall aim of the changes was to reduce the range of outcomes that a Member should expect to experience, which is most important for Members who are closer to accessing their pension savings. Key changes made were:

- Increasing precision within fixed income – this involved the introduction of shorter-termed government bond asset classes, reducing the overall duration of the fund.
- Positioning the funds for a higher inflation environment - decreasing exposure to inflation sensitive assets which in this case were inflation-linked bonds and commodities.
- Evolving the foreign currency hedging – allowing for more currency risk to be taken across all vintages of the Aegon BlackRock LifePath funds.

It is possible to model the past performance of the fund had these changes been in place prior to their introduction in 2023. This modelling, going back over the past five years, shows improved returns for Members closer to retirement, without impacting the performance for Members further from retirement. In the modelling, the changes were seen to work as intended, reducing the severity of the impact on performance from turbulence in bond markets in 2022. The modelling showed that while those at the point of retirement would have seen losses in their pension pot, those losses would have been reduced.

The implementation of the above changes began in June 2023 and was completed by the end of that year in a series of tranches. This tranched approach to implementing the changes mitigated potential market risks and minimised transaction costs.

The Trustees and their Independent Investment Advisers, Isio, remain confident in LifePath as a suitable solution for the Scheme's default fund offering. The Trustees consider the changes BlackRock have made to be positive. The expectation is that, now these changes have been implemented, Aegon BlackRock LifePath is better positioned to deliver improved member outcomes.

The Trustees have previously challenged BlackRock on the length of the glidepath (a term used to describe the period of de-risking the fund's allocation through reducing exposure to risker asset classes) used in the Aegon BlackRock LifePath funds. BlackRock acknowledge the glidepath for the funds is longer than most peer funds but noted that this was balanced by a higher equity and risk weighting for Members further from their target retirement date, which still leads to a typically higher equity/equity-like allocation at the retirement stage against other funds in the market. In this BlackRock are seeking to balance the risk of capital value on the day of retirement, against the risk of a Member running out of cash during retirement. The Trustees have asked BlackRock to conduct further analysis of the glidepath. While there is no definitive 'right answer', the Trustees wish to ensure the glidepath used creates the best outcomes for Members and will continue to monitor this in the next Scheme year, in line with the 2024 triennial review of the LifePath strategy.

Aegon BlackRock LifePath funds performance to 31 March 2024

Aegon BlackRock LifePath Flexi Fund (Early Days stage) performance:

Aegon BlackRock LifePath Early Days stage fund performance as at the end of the Scheme Year (31 March 2024).

	1 year %	3 years % pa	5 years % pa
Aegon BlackRock LifePath (Flexi) Early Days stage	20.91	8.25	10.15
Composite benchmark*	20.71	7.83	9.86

Source: BlackRock. Returns are gross of costs, hence actual returns will be slightly lower and reflect scheme-agreed costs *
A Composite benchmark is one that uses a combination of standard benchmarks, here it is a composite of all the underlying funds.

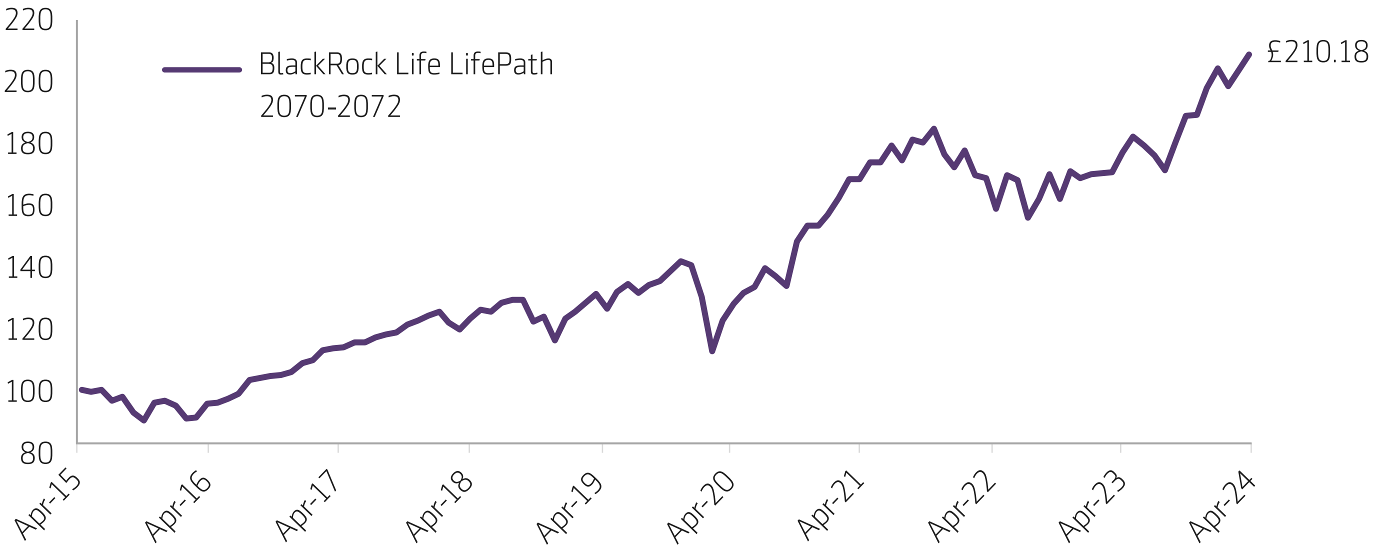
The Early Days stage (sometimes referred to as the growth stage) is used for all Members early in their working lifetime and is made up of 100% equity (stocks and shares) and equity-like funds. Gradual diversification into bonds commences 35 years before the Member's target retirement date.

Over the Scheme year, there was a substantial improvement in the returns generated by the Early Days stage of the Aegon BlackRock LifePath fund against the returns generated in the previous Scheme year. This was largely driven by the fund's allocation to equities and particularly, its exposure to US markets which generated significant returns over the Scheme year.

The Trustees also look at the performance of similar competitor funds. Fund performance for this group is then ranked and split into four quartiles. Quartiles 1 and 2 represent the funds that have performed better than average, while quartiles 3 and 4 are below average. Over the longer-term the Trustees expect to see Aegon BlackRock LifePath is in quartile 1 or 2.

Through the Scheme year, the Early Days stage of the Aegon BlackRock LifePath fund was consistently ranked in the upper quartiles versus peers for 1 and 3-year performance.

The graph below shows how much £100 invested 8 April 2015 in the Aegon BlackRock LifePath Early Days stage (2070-2072 vintage) would be worth following growth since the fund's inceptions from April 2015 to 31 March 2024.



Aegon BlackRock LifePath Flexi Fund (At Retirement) performance:

Aegon BlackRock LifePath Flexi Fund (At Retirement) performance as at the end of the Scheme year (31 March 2024).

	1 year %	3 years % pa	5 years % pa
Aegon BlackRock LifePath (Flexi) At Retirement	8.01	0.03	2.84
Composite benchmark	8.03	-0.25	2.59

Source: BlackRock. Returns are gross of costs, hence actual returns will be slightly lower and reflect scheme-agreed costs

Further details of the investment performance (after charges) of each vintage of the Aegon BlackRock LifePath funds are found in Appendix 6 to the Statement.

As noted above the asset allocation of Aegon BlackRock LifePath funds alters the investment mix as members near their NRD to a more cautious asset mix, which in turn means a higher allocation to fixed income assets and a lower allocation to riskier asset classes such as equities.

There was a notable recovery in the Aegon BlackRock LifePath (Flexi) At Retirement performance against 2022. However, whilst the returns through the Scheme year have been positive, the three-year performance in particular is impacted by the significance of the losses experienced in 2022.

Through the Scheme year the At Retirement stage of the Aegon BlackRock LifePath fund was ranked in the lower quartiles versus peers. The reasons for the underperformance against peers were outlined earlier in this statement. The subsequent changes that have been made are expected to improve the performance of the At Retirement stage overall and versus peers. The changes to the fund's asset allocation will only be partially reflected in the short-term performance. The Trustees will continue to closely monitor the impacts of the changes made to the fund's asset allocation.

ESG screened/optimised assets in the standard default funds

The Trustees believe that the consideration of material environment, social and governance (ESG) factors, including climate change is likely to improve the management of risk within the overall strategy which the Trustees believe will ultimately result in improved member outcomes.

There has been significant progress made with regards to incorporating ESG considerations within the Aegon BlackRock LifePath fund, with 92% of the underlying funds of the Aegon BlackRock LifePath Early Days Stage now integrating ESG considerations in the fund's investment strategy. Across all vintages of Aegon BlackRock LifePath, average integration levels have risen to 75%.

In addition, a specific climate objective was recently added to the Aegon BlackRock LifePath fund objective, turning a prior ambition to reduce fund emissions into a formal mandate. The new climate objective is to achieve an absolute reduction of 50% of the fund's carbon emission intensity score over a 10-year period starting in June 2019, whilst targeting a lower carbon emission intensity score relative to a comparable non-ESG benchmark. The Trustees view this as a significant step forward in aligning the default fund with their own climate objectives.

The climate objective was integrated in a formal ESG policy within the fund prospectus, effective 7 December 2022, and established new fund governance, reporting and other tools relating to ESG issues. The Trustees welcome this development.

Particular progress towards ESG integration has been made in the asset classes and sectors that have previously proved difficult:

- BlackRock is working within a policy of positive ESG tilting criteria and through these is targeting an ESG score uplift relative to a non-ESG benchmark. The policy requires at least 80% of the fund's exposure to corporate bonds will be held via ESG optimised/screened funds, whilst for gilts (UK government bonds) the policy requires at least 80% of the fund's exposure be held via funds with ESG sovereign rating of BB or higher.
- The real estate investments in the growth stage of the funds utilises the Global REITs fund, which has been transitioned to an environment and low-carbon tilt real estate index (FTSE EPRA/NAREIT Green Low Carbon Target Index).

Emerging markets is a geographic sector used in the asset allocation of Aegon BlackRock LifePath funds. Currently investments in this sector are not assessed for ESG integration. BlackRock intend to address this to improve ESG integration, while delivering similar risk and returns.

Aegon Cash (AMT) Fund

For Members who select their own funds, there are circumstances in which the Aegon Cash (AMT) Fund (Cash Fund) temporarily becomes a Member's default fund. Such circumstances are infrequent and typically triggered by a fund being closed/suspended to new monies and withdrawals.

In this situation, Members' future contributions are re-directed to Aegon Cash (AMT). The Trustees and Aegon write to affected Members informing them of the fund closure/suspension and that contributions have been re-directed, inviting them to make an alternative fund selection.

While the Trustees do not believe Aegon Cash (AMT) is suitable as a long-term pension investment given limited growth potential and exposure to inflation risk, the Trustees believe that the Cash Fund is a suitable default solution for investors in the short-term. This belief is based on, amongst other things, the following factors:

- it is a temporary solution offering a low-risk investment to give Members time to make an alternative fund selection; and
- the Trustees and Aegon communicate with impacted Members who can make an alternative fund selection.

Bespoke Notional Sections using different default funds from Aegon BlackRock LifePath

The SG Retirement Savings Plan, has one fund, the SG Dynamic Property blend, created to facilitate staged redemptions from an underlying property fund. This fund was launched on 29 June 2021 and is considered to be an 'additional' default within The SG Retirement Savings Plan's Bespoke Notional Section. This fund will close once all redemptions from the underlying property fund have been received.

Full details of this fund can be found in the SIP.

Self-select funds:

AMT Fund Range

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 Aegon.

Some Members want to exercise differing levels of control over the way their savings are invested, and the Trustees have designed the AMT Fund Range with the intention to best meet that requirement.

The AMT Fund Range (previously referred to as the New Core Range) replaces the previous self-select fund range (the Old Core Range).

The AMT Fund Range was launched on 27 April 2023. As we said in our last annual report, the principal aim in reviewing the funds offered was to ensure wider investment choice across commonly used asset classes and to increase the sustainable investment choices available to members. The subsequent changes to the range were implemented to align more closely with the Trustees' investment beliefs and the responsible investment beliefs that also underpin their wider investment beliefs.

The AMT Fund Range provides Members with investment options across all major asset classes and allows Members to select funds based on their own sustainability preferences—as set out further below—either by excluding some more controversial companies or sectors from their investments or by seeking greater exposure to companies or sectors that rate more highly on certain ESG-related criteria. To help in that choice the Range has been designed with clear signposting and naming of risk, asset class, and level of sustainability.

In designing the range, the Trustees have sought to balance simplicity of choice with ensuring a broad range of options. The AMT Fund Range now consists of 25 self-select funds in addition to the 3 standard default options. Funds have only been included where the Trustees believe there are clear benefits, and where the Trustees can identify Member demand. The Trustees maintain their preference for passive funds, only including active funds where there is clear opportunity for Members that is not available through passive funds, and where that opportunity justifies the higher costs and potential risks.

Labelling of these funds groups them into four areas of focus:

- sustainability focused - funds with a specific focus on sustainability built into their objective.
- exclusions - funds which integrate exclusionary criteria. This means that based on certain thresholds, they will not invest in certain companies, based on ESG concerns. These funds integrate exclusions including, but not limited to, controversial weapons, nuclear weapons, civilian firearms, and UN Global Compact violators.
- ESG considerations - funds which integrate environmental, social and governance considerations within their overall investment process.
- traditional - funds that fall into asset classes in which few solutions integrate ESG considerations within their investment process.

The labelling of the funds was done in anticipation of the FCA's Sustainability Disclosure Requirements (SDR) and investment labels which was published in November 2023. Analysis is underway to ensure that the naming remains appropriate under these new requirements.

Roll-out of the new range began in May 2023 with a number of Bespoke Notional Sections being rationalised away from their existing arrangements and into the new AMT Fund Range. The full roll-out was completed at the end of October 2023. The Trustees reviewed the communications to Members and approved these before implementation.

All Members within the Scheme were written to, advising them of the changes. Those Members invested in a fund that was withdrawn from the previous range were provided with an options form and given 60 days' notice to select a new investment.

The Trustees have been briefed on Member and employer feedback on the roll-out. As a result of this feedback, future communications will be tested under the new communications customer testing framework developed against Consumer Duty regulations to ensure clarity of the information provided, most especially where there is a requirement for a Member to take a particular action.

At the time Aegon acquired BlackRock's UK defined contribution (DC) platform and administration business in 2016, a regulatory process called Part VII was initiated. This is a legal process that governs the transfer of ownership of insurance policies from one insurer to another. Part VII laid out the Member protection in the transfer. The key protection for Life Funds was to match to the protection afforded to Members before the transfer and SE plc agreed to protect the policyholder from the failure of BLL if the fund was available prior to Part VII. Introducing the new AMT Fund Range means Members could now select a fund which is not covered by the specific protection Part VII provides. The Trustees have ensured there has been information on this available to members making an investment decision.

In reviewing the outcome of the roll-out, it is pleasing to see investments in all the new funds offered, including several of the recently introduced regional equity funds, in particular US equities, showing clear Member demand.

Bespoke Notional Sections self-select fund ranges

TThe Trustees monitor the performance of any self-select funds offered in the Bespoke Notional Sections in the same way and to the same depth as the standard self-select fund range. This includes a cycle of full fund reviews, and ad hoc reviews as required.

All Bespoke Notional Sections are subject to a review by independent investment advisers, at least every three years and without delay after any significant change in investment policy.

In response to the planned introduction of the revised AMT Fund Range, the Trustees received advice from Isio in relation to the Bespoke Notional Sections available at that time. This broadly concluded that for many of the Bespoke Notional Sections the new AMT Fund Range offered Members a better and more well-rounded choice of self-select options.

Following this advice, seven Bespoke Notional Sections were rationalised into the new AMT Fund Range and are therefore no longer Bespoke Notional Sections. Some other Bespoke Notional Sections also chose to simplify the range offered to their Members, leveraging the access to the standard AMT Fund Range whilst offering their Members access to additional funds.

One Bespoke Notional Section, The KPMG Deferred Scheme, began its review towards the end of the Scheme year. The review concluded the scheme should move to use the standard AMT Fund range. The KPMG Deferred Plan was moved wholly into the AMT Fund Range in April 2024. For the purposes of this report it is treated as a Bespoke Notional Section as this change happened outside of the Scheme year.

The review of Bespoke Notional Section, Sun Life of Canada, by the employer's advisers, Hymans Robertson, and the subsequent assessment by Isio on behalf of the Trustees, recommended that the previous bespoke self-select range for Sun Life of Canada be replaced with the AMT Fund Range, with all members moved into an appropriate Aegon BlackRock LifePath fund as their default unless they selected otherwise. The scheme retained the Sun Life of Canada Fund as an additional option to the standard AMT Fund range. All changes to the fund range and transfer of assets were completed in June 2023.

For Société Générale, Isio are both the employer's adviser and the Independent Investment Advisers acting for the Trustees however, the teams are separated and independent within Isio. The employer scheme was reviewed this Scheme year and the advice will be acted upon in Scheme year commencing 1 April 2024. The employer scheme has one additional default fund, the SG dynamic property blend, created to facilitate staged redemptions from an underlying property fund. This fund was launched on 29 June 2021 and is considered to be an 'additional' default within The SG Retirement Savings Plan's Bespoke Notional Section. This fund will close once all redemptions from the underlying property fund have been received. The fund held £4.9m of assets at the time of the review, with 463 members invested in the fund. The fund is not open to new contributions.

Responsible investment

In the previous Scheme year, the Trustees aligned the Scheme with Aegon's Responsible Investment Policy, and its requirements for the selection, appointment and monitoring of asset managers. That policy included minimum requirements for responsible investments and linked to the Aegon Stewardship Policy for expectations of asset managers for their voting and engagement activities.

In this Scheme year the Trustees have gone further, creating their own, standalone policy document for the Scheme.

The Responsible Investment Policy covers:

- the Trustees' responsible investment beliefs;
- the Trustees' process for asset managers' selection, appointment, monitoring and responsible investment minimum requirements;
- the Trustees' engagement themes and expectations of asset managers, including 'expression of wish' (EOW) and voting guidelines;
- the Scheme's net-zero targets and associated progress.

This policy was approved in March 2024.

During the year the Trustees have received further training on Taskforce on Climate-related Financial Disclosures (TCFD) reporting, as explained in more detail below, and biodiversity risks.

The Trustees' Responsible Investment Beliefs

Investment beliefs are guiding principles which inform the investment strategy and design of the Aegon Master Trust default arrangements and the number and type of other investment options we make available to Members. We re-evaluate our responsible investment beliefs as part of a review of our Statement of Investment Principles (SIP), which takes place at least every three years and following any significant change in (a) investment policy or (b) the demographic profile of relevant Members in our most popular Scheme default fund, Aegon BlackRock LifePath Flexi. Our responsible investment beliefs are referenced within the Implementation Statement on page 55.

The policy further details asset managers' selection, appointment and monitoring and our responsible investment minimum expectations; the Trustees' engagement themes and expectations of asset managers, including expressions of wish; and the Trustees' net-zero targets and progress. The full Responsible Investment Policy is available online, and in the SIP.

The detail of the Trustees' activities in relation to climate-related risks and opportunities and the measurement of the Scheme's progress is in the Trustees' TCFD report. The Trustees' responsible investment beliefs can be found in the SIP.

Taskforce on Climate-related Financial Disclosures (TCFD) Report

The Trustees are required to produce a TCFD report under the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021.

The report for the Scheme year report marks the second year in which the Trustees are disclosing the actions and approach to assessing and managing the risks and opportunities associated with climate change.

The report is included in Appendix 5.

The report covers governance, strategy, risk management and metrics and targets.

This year's report reflects the Scheme's Responsible Investment Policy, explaining our approach and net-zero commitment to Members, and highlights the new formal climate objective set to assess the Scheme's investment adviser against.

The report updates the Trustees' responsible investment beliefs, in line with the SIP, and takes stock of the Scheme's new voting and engagement approach, including the new EOW process for the 2023 voting season where we shared our voting preferences on covering material climate-related resolutions with our key fund managers.

The Trustees have been able to source further data to cover sovereign debts in a stand-alone sovereign debt emission intensity metric and implemented an advanced analysis to identify drivers behind the Scheme's progress in decarbonisation, helping them contextualise progress and inform their future strategy. This year's report refined last year's scenario analysis by splitting out asset classes and adding sovereign debt.

2023-24 climate-related financial disclosures are published as part of this document and can be found in Appendix 5.

Non-financial considerations

The Trustees' primary focus is on financial factors and their impact on Members. However, from a non-financial perspective, the Trustees welcome feedback about the fund range and specific investment concerns. 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. 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.

Aegon's milestones in the reporting period:

The Trustees receive regular updates on Aegon's own progress in their approach to responsible investment. The Aegon's Climate Roadmap was published in this reporting period. This has a specific focus on default funds. The most recent Aegon TCFD report was published in June 2024 and can be accessed here: **https://www.aegon.co.uk/employer/what-we-offer/targetplan/aegon-master-trust#/content/dam/auk/assets/publication/legal/aegon-master-trust-financial-disclosure-report.pdf**

Aegon's Responsible Investment and Stewardship Report, in line with the Financial Reporting Council's (FRC) 2020 Stewardship Code, was published and

available on the Aegon website in May 2023. At the end of the reporting period, drafting of the Aegon's 2023 Stewardship Report was underway and was published in June 2024.

Aegon gained Stewardship Code status for their report published in 2023. The Stewardship Code sets a high standard of stewardship for those investing money on behalf of UK savers and pensioners. It acknowledges the important role asset owners and asset managers play as guardians of the investments in their portfolios.

Aegon review their Responsible Investment Policy annually and Aegon shared the outcome and update with the Trustees.

Aegon has joined Nature 100 as a signatory. Nature 100 is modelled on Climate Action 100 which Aegon is already a member of. This highlights the work on nature-related risks, in line with Aegon's existing focus on biodiversity from its stewardship policy. Aegon has also begun the process to join FAIRR(Farm Animal Investment Risk and Return), an initiative providing tools and data to manage biodiversity risks and opportunities in the food sector.

The Taskforce on Social Factors was established in the UK in February 2023. Aegon has been co-chair of the Taskforce and has led the Taskforce work on modern slavery and supply chain. The Taskforce aimed to raise awareness and develop a common understanding of social risks and opportunities which can be addressed by pensions scheme Trustees, industry and policymakers and published its final guidance in March 2024.

The latest Pensions Climate Action Report was published in February 2024. Aegon was scored 9th out of 20 UK pension providers.

Statement of Investment Principles (SIP)

The full SIP document is attached in Appendix 3 to the Statement where you can find more information about the default and other funds available under the Scheme.

The SIP is available online at **aegon.co.uk/employer/what-we-offer/targetplan/aegon-master-trust**.

Section 4: Member borne charges and transaction costs

Fund Charges

Members pay three types of fund charge:

- Annual Management Charge (AMC),
- Annual Additional Expenses (AAE) and
- Transaction Costs.

Annual Management Charge (AMC)

Annual Management Charge (AMC) covers both Aegon's administration fee for servicing a Member's pension, and the asset manger's fee for managing the funds which the Member is invested in. The actual AMC paid depends on the investment fund selected, commercial terms Aegon has agreed with the Member's employer, and the terms agreed with the asset manager.

Additional Annual Expenses (AAE)

The additional expenses are paid from the fund and cover professional services that are necessary to run the fund. These include services like custody services (holding assets for safe keeping, collecting income, recordkeeping, and reporting), audit fees paid to accounting firms and auditors for the statutory annual financial statements, operational costs incurred by AUK for the running of the insured fund and depositary services that oversee how funds are managed to keep assets safe.

Transaction costs

Transaction costs are incurred by funds when their underlying securities, e.g. bonds and shares, are bought and sold. Transaction costs include:

- Explicit costs, such as trading, stamp duty and dealing fees, and
- Implicit costs such as the difference in price of a stock from the time an order is placed to the time it is executed, known as 'slippage'.

A fund can show negative transaction costs, for instance when the market price of stocks being purchased fall more frequently than rise between the order being placed and executed.

The Trustees reviewed the annual analysis of transaction costs in August 2023, using the framework agreed by the Trustees in 2021. The approved framework assesses an individual fund's transaction costs against an agreed peer group of selected funds. Seven funds were flagged as red, with four of these being actively managed (two multi-asset and two UK equity). The identified cause for the Red rated transaction costs was volatility in the relevant asset class and elevated levels of trading compared to other funds. The Trustees requested further feedback with the asset managers concerned to better understand the increased number of funds flagging as Red in this year's review.

A Member can find details of their fund charges in the Scheme documentation and in fund factsheets. The tables within Appendix 2 list the fund transaction costs along with details of the AMC and AAE charges.

The fund charges are reflected in the price of the fund, as they are automatically deducted and performance reporting in respect of a Member's investment is after these costs have been paid.

A fund's transaction costs are not directly within Aegon's control. However, Aegon uses a number of processes and controls to minimise transaction costs, such as by grouping the daily Member requests to buy or sell a particular fund into a single transaction, to avoid multiple transaction costs. Aegon also monitors the costs and performance of asset managers used in the Scheme.

Each fund has a pre-determined asset allocation that is designed to meet the fund's objectives. Over time the actual performance of a fund will begin to change that pre-determined asset allocation as the assets held in the fund change their value. To address this, funds are periodically rebalanced back to their intended asset allocation.

Rebalancing can generate transaction costs, though these are expected to be marginal. Aegon is unable to show the transaction costs from their rebalancing activity.

SE Plc are unable to determine transactions costs incurred for rebalancing transactions. Aegon has confirmed that there are no funds in the AMT Fund range where Aegon conducts rebalancing. The Trustees are satisfied that there is there is no detriment to Members.

Illustrations of the cumulative effect of costs and charges

The Trustees have provided illustrative examples showing the growing effect of costs and charges over time on pension savings for an example Member based on assumptions below.

The illustrative examples of the cumulative effect of costs and charges on Member savings are calculated on the FCA Conduct of Business Sourcebook (COBS) basis as permitted by the DWP Statutory Guidance.

Assumptions

- The current age is 16 and retirement age is 65.
- The current salary is £38,000 and will increase each year by 3.5%.
- Future contributions paid will be 10% of the salary (£316.67 each month increasing by 3.5% each year in line with assumed salary increases).
- The existing fund value is £7,000.
- This illustrative example uses the default Aegon BlackRock Lifepath Flexi investment option that the majority of Members invest in.
- This illustrative example also shows the Aegon BlackRock UK Equity Index fund and the Aegon BlackRock Property fund to show the funds with the lowest and highest charges across the Master Trust.
- In addition, the illustrative example includes the Aegon BlackRock Cash fund as this fund was used as the default replacement fund for new investments in the Aegon BlackRock Property fund whilst the fund was suspended. For more information on the use of the Aegon Cash Fund as a default in some circumstances, please see the Statement of Investment Principles (SIP).

Inflation and investment growth assumptions

This illustrative example takes into account the DWP's Statutory Guidance *(Reporting of costs, charges and other information: guidance for Trustees and managers of occupational schemes)*.

In line with the DWP Statutory Guidance and in line with the FCA Conduct of Business Sourcebook (COBS) 13 Annex 2, inflation is assumed to be 2.0% every year.

The investment fund growth rate assumptions for FCA illustrations are set at an asset class level (rather than an individual fund level) and the growth rate for each fund calculated based on the proportionate holdings in each asset type. The illustrative examples use the same growth rates and calculations used for the FCA illustrations provided to Members. The future values shown before and after charges are in line with the COBS effects of charges table with the addition that the costs and charges also include transaction costs as required for these illustrative examples.

The assumptions are the value of the investments will grow at a rate appropriate to the funds invested in and inflation will be 2.0% every year. This is an illustrative growth rate only. The investment growth achieved may be more or less than this and may vary depending on the fund(s) invested in.

The assumed growth rate used for each fund is shown above. This rate is based on our view of potential long-term returns of the main asset classes (equities, property, corporate bonds, government bonds and cash) and will vary depending on the fund(s). The growth rates for mixed asset funds are derived from the asset class growth rates based on the investment objectives and long-term asset allocation of the funds.

If the growth rate we've used is:

- the same as the rate of inflation this reduces the growth rate, after making an allowance for inflation, to 0%;
- less than the rate of inflation, this produces a negative growth rate after making an allowance for inflation.

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.

Purpose of this example illustration

This is not a personal illustration, it is based on the assumptions detailed earlier in this document. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds chosen over a period of time.

Fund transactional charges and costs total (%)

	Aegon BlackRock Lifepath Flexi (Default)	Aegon UK Equity Tracker (AMT)	Aegon UK Property (AMT)	Aegon Cash (AMT)
Growth	-1.30% to 3.00%*	3.00%	2.97%	2.42%
AMC	0.26%	0.10%	0.66%	0.20%
AAE	0.00%	0.01%	0.50%	0.03%
TC	0.07%	0.07%	0.00%	0.01%

* The growth rate used for the LifePath fund varies through time based on the underlying asset mix.

Growth is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

AMC is the Annual Management Charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

AAE are the Additional Annual Expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred in addition.

TC are the Transaction Costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the average of the actual annual transaction costs for the period 01/04/19 to 31/03/24.

The impact of transaction costs and charges on fund values (£)

The 'Before Charges' column shows each fund value without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after transaction costs, charges and expenses have been deducted.

	Aegon BlackRock Lifepath Flexi (Default)	
Years	Before charges	After all charges
1	10947	10917
3	19216	19083
5	28003	27706
10	52401	51398
15	80612	78400
20	113097	109071
25	150369	143803
30	192996	183024
35	241606	227205
40	296896	276864
45	359637	332562
49	415764	381884

	Aegon UK Equity Tracker (AMT)	
Years	Before charges	After all charges
1	11028	11011
3	19608	19534
5	28929	28760
10	55806	55211
15	88513	87144
20	128072	125472
25	175675	171249
30	232707	225693
35	300778	290203
40	381754	366395
45	477806	456127
49	567179	539088

	Aegon UK Property (AMT)	
Years	Before charges	After all charges
1	11028	10921
3	19608	19134
5	28929	27863
10	55806	52108
15	88513	80151
20	128072	112453
25	175675	149527
30	232707	191939
35	300778	240318
40	381754	295360
45	477806	357836
49	567179	413739

	Aegon Cash (AMT)	
Years	Before charges	After all charges
1	10974	10951
3	19367	19270
5	28385	28166
10	53902	53144
15	84163	82459
20	119869	116701
25	161811	156533
30	210886	202699
35	268111	256035
40	334637	317475
45	411767	388070
49	482089	451922

Additional illustrations

In addition, the Trustees have provided a number of additional illustrative examples which could be more relevant to Members. These additional illustrations include details of the default fund that applies if a Member is in an Employer's Bespoke section. You can access these here **Master Trust Chair's statement**.

Net investment returns for Default funds using lifestyle strategy.

The tables below show the net investment returns for Members aged 25, 45 and 55 at the start of the Scheme year, for the Default funds that utilise a lifestyling strategy – these are Aegon BlackRock Lifepath Flexi, Aegon BlackRock Lifepath Retirement and Aegon BlackRock Lifepath Capital.

The net investment return data for default funds was produced in accordance with the DWP statutory guidance, *Reporting of costs, charges, and other information: guidance for trustees and managers of occupational schemes.*

The net performance for the different share classes, based on the charges applied for each plane within the scheme, for all funds are provided in **Appendix 6**.

Standard default – net investment returns for members aged 25, 45 and 55

Period	Gross return % pa	Share class net investment returns % pa for Members aged 25											
		Class W	Class J	Class I5	Class D	Class P	Class I1	Class E	Class H	Class Q	Class Y	Class G	Class I7
Flexi													
1 year	20.90	20.64	20.71	20.66	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3 years	8.24	8.01	8.07	8.03	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5 years	10.14	9.90	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Retirement													
1 year	20.90	20.64	20.71	20.66	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3 years	8.24	8.01	8.07	8.03	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5 years	10.14	9.90	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital													
1 year	20.90	20.64	20.71	20.66	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3 years	8.24	8.01	8.07	8.03	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5 years	10.14	9.90	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Period	Gross return % pa	Share class net investment returns % pa for Members aged 45											
		Class W	Class J	Class I5	Class D	Class P	Class I1	Class E	Class H	Class Q	Class Y	Class G	Class I7
Flexi													
1 year	17.42	17.16	17.23	17.18	17.15	17.20	17.25	16.85	17.08	17.14	16.96	17.02	17.10
3 years	6.22	5.99	6.05	6.00	5.97	6.02	6.07	5.70	5.91	5.96	5.81	5.86	5.93
5 years	8.47	8.23	N/A	N/A	N/A	8.26	8.32	7.94	8.16	8.21	8.05	8.10	8.18
Retirement													
1 year	17.42	17.16	17.23	17.18	17.15	17.20	17.25	16.85	17.08	17.14	16.96	17.02	17.10
3 years	6.22	5.99	6.05	6.00	5.97	6.02	6.07	5.70	5.91	5.96	5.81	5.86	5.93
5 years	8.47	8.23	N/A	N/A	N/A	8.26	8.32	7.94	8.16	8.21	8.05	8.10	8.18
Capital													
1 year	17.42	17.16	17.23	17.18	17.15	17.20	17.25	16.85	17.08	17.14	16.96	17.02	17.10
3 years	6.22	5.99	6.05	6.00	5.97	6.02	6.07	5.70	5.91	5.96	5.81	5.86	5.93
5 years	8.47	8.23	N/A	N/A	N/A	8.26	8.32	7.94	8.16	8.21	8.05	8.10	8.18

Period	Gross return % pa	Share class net investment returns % pa for Members aged 55											
		Class W	Class J	Class I5	Class D	Class P	Class I1	Class E	Class H	Class Q	Class Y	Class G	Class I7
Flexi													
1 year	13.33	13.08	13.15	13.10	13.06	13.12	13.33	12.78	13.00	13.06	12.89	12.95	13.03
3 years	3.61	3.39	3.45	3.41	3.37	3.42	3.61	3.11	3.31	3.37	3.21	3.26	3.33
5 years	6.19	5.95	N/A	N/A	N/A	5.98	6.19	5.67	5.88	5.93	5.77	5.82	5.90
Retirement													
1 year	13.33	13.08	13.15	13.10	13.06	13.12	13.33	12.78	13.00	13.06	12.89	12.95	13.03
3 years	3.61	3.39	3.45	3.41	3.37	3.42	3.61	3.11	3.31	3.37	3.21	3.26	3.33
5 years	6.19	5.95	N/A	N/A	N/A	5.98	6.19	5.67	5.88	5.93	5.77	5.82	5.90
Capital													
1 year	13.33	13.08	13.15	13.10	13.06	13.12	13.33	12.78	13.00	13.06	12.89	12.95	13.03
3 years	3.61	3.39	3.45	3.41	3.37	3.42	3.61	3.11	3.31	3.37	3.21	3.26	3.33
5 years	6.19	5.95	N/A	N/A	N/A	5.98	6.19	5.67	5.88	5.93	5.77	5.82	5.90

Source: Aegon, 31 March 2024. N/A indicates shareclasses where the fund has been running long enough for performance over that time period to be available.

Section 5: Core financial transactions

During the Scheme year, the Trustees must make sure that core financial transactions within the Scheme are processed promptly and accurately by Aegon, as our administration service provider.

In last year's statement we highlighted the investment Aegon had made into its staff recruitment and retention to improve the service provided to Members. Following the investment and changes Aegon has made in this area, to enable a return to a good level of service, we have seen continued signs of improvement and believe service has returned to the levels you require.

Complaints

During the Scheme year there has been an increase in complaints received across Aegon's business including the Aegon Master Trust. This increase has also led to a greater number of escalated complaints being considered by the Trustees under our Internal Dispute Resolution Procedure (IDRP). The Trustees have introduced a more flexible approach to considering escalated complaints under the IDRP to allow us to reach decisions on Member complaints more quickly.

Aegon has introduced a six-point plan to look at: capacity; timeliness; demand; root cause information; forecasting; and sustainability to ensure that all complaints can be resolved quickly. The Trustees continue to monitor Aegon's progress against its six-point plan on a quarterly basis. We recognise from this reporting that the majority of complaints relate to when Members want to access their retirement savings and we appreciate that this experience is frustrating for the Members involved. The Trustees will work with Aegon to ensure that improvements are made to improve the experience for Members.

Service standards for core financial transactions were met, in line with Trustees' expectations, during the Scheme year, which was also reflected in the net promoter score results, further details of which can be found at the end of this section of the statement.

Core financial transactions under the Scheme

These include:

a. the investment of contributions;

b. transfers of assets relating to Members into and out of the Scheme;

c. switching between investment funds within the Scheme; and

d. payments out of the Scheme to, or in respect of, Members and beneficiaries.

Performance compared to service level targets

The Trustees have a service level agreement in place with Aegon. This covers the accuracy and timing of core financial transactions. Examples of how well Aegon has performed against service level targets, for processing core transactions during the Scheme year, are set out in the table below.

Table: 2023 / 2024 Scheme Year, Aegon's performance against service level targets

Transaction Type	Service Level Agreement (SLA) Target	Actual SLA achieved during the Scheme Year
Investment of contributions	100% in 2 days	99.7%
Transfers into the Scheme	95% in 5 days	*95.5%
Transfers from the Scheme	95% in 5 days	98.8%
Switching between investment funds within the Scheme	100% in 1 day	97.8%
Payments out of the Scheme to Members / beneficiaries (Retirements, Bereavements, Refunds)	95% in 5 days	*97.5%
Total SLA	95%	95.4%

*These figures include non-financially critical parts of the process, such as gathering required forms and Member identification and verification. In the case of a transfer into the Scheme this means the purchase of units and allocation to the Members account. In the case of a payment out this means the sale of units and payment of funds out of the Scheme.

How the core financial transactions are monitored

- The Aegon workplace customer services (operations) team review service and capacity daily to ensure they deliver the best service for Members.
- A quality assurance team, which is functionally independent from the Aegon workplace business, reviews 100% of financial transactions including contribution processing, fund investment movements and money out transactions. This is to ensure no Member harm, error, or delays.
- Within Aegon UK, there is a control framework in place that includes various daily, weekly, or monthly controls which overlay the documented procedures that the teams follow. The controls are designed to ensure that all procedures / processes are carried out in a timely and accurate way and remain compliant with legislation and regulations. The controls are monitored by a control assurance team, which provide independent oversight from outside the workplace operations teams. Process owners within control assurance must confirm that the various control actions have been completed according to the controls protocol.
- The Trustees review the extensive information provided by Aegon about its performance, against the service level targets, on a quarterly basis. This includes a detailed explanation of areas where Aegon has been unable to meet service level targets. Representatives from Aegon's operational teams attend Trustee Board meetings to explain the most recent quarter's results and answer any questions the Trustees have about the services. This includes reviewing complaints, incidents and breaches.

- Any delays in servicing a member's request is remediated via a price comparison calculation and reported to the Trustees on a monthly basis. The delays specific to Switches and Investment Contributions were not systemic and were isolated instances which Aegon have corrected and communicated with the impacted members to inform of the corrective actions taken on their accounts. We report these to the Trustees on a regular basis through the Process breach control reporting.
- The Trustees undertake site visits to Aegon offices where the Trustees see transactions being processed. The Trustees talk to the Aegon employees who carry out the Scheme administration services, get their feedback, listen in to calls from members, and discuss any resourcing issues. Site visits took place in May and December 2023. The next site visit is planned for May 2024.
- Where necessary, the Trustees discuss and agree service improvement plans with Aegon, and monitor progress in meeting those plans.
- The Trustees use an external firm to carry out an independent assurance report (in line with the Assurance Audit Framework (AAF) 05/20 standard) This looks at the Scheme's governance activities, arrangements, relevant systems and processes. The latest assurance report was carried out for the period 1 January 2023 up to 31 December 2023. The Trustees carefully review the findings, which include scrutiny of core financial transactions. Improvement plans are made and implemented if necessary.
- In addition, the Trustees review the independently audited assurance report on the controls Aegon has in place over its activities as a provider of workplace pension administration services (in line with the AAF 01/20 standard). This is carried out by an independent practitioner on behalf of Aegon. The most recent audit covered the period 1 October 2022 to 30 September 2023.

Aegon continues to use Net Promoter Score (NPS) to measure Member satisfaction with the scheme. The overall net promoter score for the period has improved during the Scheme year, with an average monthly score of +39.2 compared to +23.5 in the same period last year. The Trustees note whilst a higher number of complaints were received in April compared to September 2023, the number of complaints received has been decreasing each quarter since then as Aegon maintained strong service levels in line with member expectations. The most common complaint relates to Members looking to withdraw from their pension and the concern that the process takes too long or that the requirements are too arduous. Aegon are looking at initiatives and automation to make things easier for Members whilst meeting robust regulatory requirements.

Chair's comment

Following the investment and changes Aegon has made to service, to enable a return to a good level of service, we are encouraged to have seen continued signs of improvement and believe service has returned to the levels you require. We are pleased to report core financial transactions were processed promptly and accurately during the Scheme year.

Section 6: Good Value for Members Assessment

When assessing the charges and transaction costs Members pay, the Trustees need to consider whether the investment options and benefits offered by the Scheme represent good value when compared to other options available in the market.

It's very important to the Trustees that Members receive good value for the charges and transactions costs they incur. Good value means different things to different people, so the Trustees consider a number of different aspects when the Trustees undertake regular reviews, including levels of charges, the available investment funds and how they're performing, the support available to Members to help them plan for retirement, how the Scheme is managed and administered, and the information and tools that are available to Members.

The Trustees receive regular reporting from Aegon on the investment returns from the default and Core Fund Range, further information regarding the return on investments can be found in Appendix 6 of this Statement. In addition, the Trustees also review and assess the charges borne by members and further information on these charges can be found in Appendix 2 of this Statement.

The Trustees are provided with comprehensive reports from Aegon, as our administration service provider, to inform our thinking. The Trustees have robust discussions with Aegon about the services Members receive, and the improvements that can be introduced. Aegon is keen to work with the Trustees to provide a continuous improvement programme.

During the Scheme year, the Trustees received regular updates from the administration team at Aegon to discuss the service provided. The Trustees spoke to the administration team to develop a greater understanding of their systems and processes and discussed any resourcing issues. These updates continued to give us an improving picture on the service being delivered, training and staffing levels, which have all improved in 2024. The Trustees also carried out on-site visits to Aegon offices see first hand the service being delivered.

The Trustees commissioned Isio to help them carry out an independent assessment, for the Scheme year ended 31 March 2024 of whether the Scheme offers good value for Members. The assessment covers nine areas the Trustees believe are of great importance to Members and the Trustees have asked Isio to assess the offering the Scheme provides against its peers. The assessment rated each area as either: mostly market leading; mostly in line with comparators; or mostly in line with the minimum expected (e.g. by legislation).

Isio presented their report at the meeting of the Trustee Board on 19 May 2023, and reported that the Value for Members assessment for the Scheme was mostly market leading in 5 out of 9 areas whilst being mostly in line with the market in the other areas.

Here is a brief summary of their findings:

Areas where the Aegon Master Trust is mostly market leading:

Scheme changes: The Master Trust adopts a simple approach to pricing in a single bundled charge, however members are able to view a breakdown of charges (e.g. Annual Management Charges and Fund Management Charges). Members are provided with clear, up-front information about charges applying to different investment funds. The AMC for LifePath funds incorporates the fund expenses. The other funds have a further explicit cost above the AMC, to reflect additional expenses such as fees paid to custodians, auditors and registrars. In addition to AMC and fund expenses, all funds experience transaction costs which are paid for within the fund.

Isio noted that the Scheme's charges are broadly competitive, and the assessment score reflected the overall competitiveness of the default fund charges, and the transparency of charges to Members. The Trustees remain confident that Member borne costs and charges represent good value for Members against the nature and quality of benefits and services received.

Wider fund range: In 2022, the Trustees, undertook a significant review of the wider fund range, looking at which funds should be made available to members with a key objective of ensuring appropriate breadth of choice and incorporation of funds where ESG criteria are embedded in the investment decision making process. The review also looked in detail at the underlying fund design and managers. Isio have assessed the changes that were communicated and view them as a marked improvement to the core fund range. In terms of performance, the majority of funds are passive and tracking their respective benchmarks, while the performance of the active funds is, in the main, satisfactory with a few being closely monitored.

Retirement options: Isio commented that the Scheme is consistent with other market leaders in this category in being able to combine different targets for retirements, as a result of the target fund approach taken by LifePath. Isio have noted this as being a key area rapidly evolving where Aegon developments across the online retirement journey and in relation to post retirement investment options are needed to keep pace with these changes.

Retirement support: Isio regarded the Scheme as being mostly market leading, noting the comprehensive level of support available for members both on the phone and online. This includes support from the annuity broking service, HUB Financial Solutions, if Members wish to consider using their pension pot to buy an annuity, free unlimited support from Aegon's guidance service, Aegon Assist, and discounted advice from Origen Financial Services.

Governance: Isio has noted the significant development of Master Trust Boards in recent years where the importance of having access to a wide range of knowledge and views has been recognised. They considered two aspects of governance, the role the Trustees play and the support offered to employers to enable them to monitor the service Members receive. The Trustees carry out an internal Board effectiveness annually. In addition, during 2024 a review of the Trustee Board's effectiveness was carried out by a third party provider. The outcome of the effectiveness reviews stated "Aegon Master Trust was one of the better boards we have seen. It works hard to protect policyholders' interests, while simultaneously adding value to the executive". Although nothing significant to criticize was found, they did identify two areas where there is an opportunity, and an appetite, for enhancement namely: (i) helping the Trustees see the bigger picture; and (ii) having timely and relevant strategic discussions. Both suggestions have been recognised and implemented.

The Trustees operate two sub-committees focused on investment and communication & engagement. Both employers and members are invited to and have opportunities to interact with the Trustees through bi-annual Master Trust summits and a member panel respectively. In addition, the Trustees receive detailed

Management Information on a quarterly basis which provides a detailed assessment of the Master Trust's performance. Trustees provide strong support for employers undertaking their own governance, such as to receive management information (MI) in different forms and to obtain insight from member behaviour most notably using Member Insights, a scheme governance tool which allows data/reports to be reviewed across factors such as contributions, membership, assets under management. This MI can then be used by employers to run communication campaigns with members. The Trustees operate a fully independent Trustee Board with focussed sub committees in place on communications and investments, which meet regularly. Finally, the Trustees make themselves available at six monthly employer forums.

Areas where the Aegon Master Trust is in line with the market:

Scheme Overview: Isio assessed this category as mostly in line with the market, highlighting a clear commitment to the Scheme evidenced by investment in developing the proposition. However, the scheme has fallen behind the comparator group in terms of assets under management. The Scheme has a comparable size in terms of assets under management to many competitors (although some competitors are significantly larger), with a clear commitment to the Scheme evidenced by the level of investment in developing the proposition.

Default Investment strategy and performance: Isio remain positive on the LifePath solution and believe it continues to offer value for members, with the objectives and approach remaining consistent over time, and the level of risk taken at all stages of the strategy remaining appropriate. Isio believe however that the levels of innovation over recent years haven't always matched competitors, and as such LifePath has been caught up by others. Isio noted the current reviews underway are providing a positive outlook for the future of the investment strategy, however they would like to see more proactive changes. They are pleased to see a significant review of Lifepath underway, with a more proactive approach to considering changes on an ongoing basis.

Administration: Service levels have improved significantly compared to the previous Scheme year. Isio see this a particular achievement given the relatively stretching service level targets in place which are market leading amongst comparators. In addition call waiting times are amongst the shortest and have improved since the previous year. Isio have noted the level of complaints is somewhat higher than competitors' and that all trustees should continue to scrutinise performance and actions here. In this category, Isio recognised that the Trustees have agreed standards for the administration of Members' pension benefits, and that the Trustees monitor performance against these regularly. The Trustees also regularly review the level and nature of any complaints made, to identify areas for improvement. Isio noted that the operation of the administration function is broadly in line with the market but did miss service level targets in some months of the Scheme year. Isio also noted however that service levels have improved considerably in 2023. Aegon continues to work in line with challenging service levels, has a strong resource and scenario planning model in place and expect to see this improvement continue.

Education and engagement: Isio have rated the Scheme as being mostly in line with the market, highlighting the comprehensive suite of communication materials and tools to engage members, with a wide range of good quality guidance and engagement material available to Members. Aegon provides personalised video benefit summaries which can be viewed through TargetPlan and provide an update to members on their current fund values. However, this functionality isn't yet available via the app in the way that it is with some competitors' apps. In general, Isio highlights personalisation and nudges as areas which will be important to continue to develop in order to engage members more effectively.

Chair's comment

Based on the Trustees assessment of the key areas throughout the Scheme year we consider the Scheme is offering good value for members, and this view is supported by Isio's independent assessment.

Section 7:
Member representation and views

The Trustees are always very keen to hear Members' thoughts on the Scheme. The trustees would like to hear Members' views directly by email via **yourMT@aegon.co.uk***. Members can also contact the Aegon via our helpline (01733 353460 – Monday to Friday 9am to 5pm**) or by writing directly to the Trustees at Aegon UK plc, Edinburgh Park, 1-3 Lochside Crescent, Edinburgh, EH12 9SE.

We actively encourage our Members to contact the Trustees with any feedback they have. Aegon have created a number of different routes for Members to provide feedback.

- **Feedback to Individual Trustees** In the Master Trust area of the Aegon website the Trustees share the profiles of each of the Trustees. There is access to an email link for Members to send feedback to the Trustees directly.

- **Net Promoter Score** When Aegon interact with Scheme members they actively ask Members for feedback through the Net Promoter Score (NPS) programme. This is shared with the Trustees as part of regular scheme monitoring. It gives the Trustees valuable information on how the Member has found their experience with Aegon.

- **Ongoing survey programme** Aegon carries out ongoing surveys to ask Members a range of questions on key areas such as investment choice and returns, costs and charges. This enables the Trustees to understand how Members view the performance of the Scheme.

- **Member panel** Aegon have a dedicated Scheme member panel and encourage Members to sign up to it. The aim is to carry out quick polls to understand how often Members want to hear from Aegon and the Trustees, topics of interest and webinars they would find interesting. This is to help align Aegon and the Trustees future communication strategy.

The Trustees would like to thank Members who have engaged through each of these routes – the feedback is invaluable.

Scheme Employer Forum

Aegon hosted employer clients and Trustees on 1 November 2023 at 'Employer Engage 2023'. This face-to-face event not only enabled Aegon to deepen relationships, they also took the opportunity to share:

- Latest innovations, explaining how each proposition will benefit both employers and scheme members.
- Strategy and progress on default funds and responsible investing.
- The launch of the 'The Second 50' Aegon's most recent thought-leadership research report
- Workplace engagement and education campaigns employers can use as opportunities within their workplace.

This collaborative approach provided an opportunity for Aegon to answer employer questions and gather invaluable feedback to help inform the future strategic delivery.

The Trustees and Aegon held their most recent exclusive master trust forum for participating employers on 12 March 2024. The forum is an opportunity for the attendees to share their feedback and thoughts with the Trustees directly on a number of topics.

The forum focused on:

- A review and future design initiatives of the LifePath and self-select investments available to the Scheme.
- The latest thinking on the ever changing retirement landscape with a focus on The Second 50 report and a Pot for Life.
- The Trustees' approach to engaging with clients was also discussed and employer guests were invited to meet the teams.

The AMT Trustees attended the event to meet and hear from employers directly and reviewed the feedback received from attendees after the event. The Employer Forum is important to Aegon and the Trustees. They appreciate having a platform to share developments relating to both employers and members, and to demonstrate how Aegon are continually adding extra value and benefits to the Scheme which will, in turn, help improve the financial outcomes for members.

During the Scheme year, the Trustees took part in call listening sessions, where they listened to AMT member calls to Aegon's Contact Centre. These sessions allow us to observe the service Aegon provides to you and understand the wide variety of enquiries received. The Trustees attend ad-hoc Aegon customer panel focus groups, as observers, during the Scheme year. Attendance at these sessions allows the Trustees to build a deeper understanding of their customers views and needs.

There is another forum planned for 2024. Again, Aegon will be inviting participating employers to join the Trustees and Aegon experts in topical discussion, sharing new insights and how we can help support Members.

Scheme Quarterly Newsletter

Employers receive a dedicated Aegon Master Trust quarterly newsletter which is used by the Trustees to make announcements. Along with other engaging, insightful and helpful articles about topics such as long-term savings, retirement and investments. This is for employers to read and share with members. **Please make sure your email address is up to date and accurate to receive this quarterly newsletter.**

If you have any comments or feedback on this statement or the operation of your pension arrangement, please email the Trustees at **yourMT@aegon.co.uk**.

This statement has been prepared in accordance with Regulation 23 to Regulation 26 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

The Chairman's statement can be accessed online at

https://www.aegon.co.uk/workplace/employers/targetplan/master-trust.html

You will be notified of the Chairman's statement and where you can find a copy in your annual benefit statement.

Signed on behalf of the Trustees of the Aegon Master Trust:

Position: Chair of the Aegon Master Trust Board

Name: Ian Pittaway for and on behalf of Independent Trustee Limited

Date: 19th September 2024

*Emailing sensitive information

If contacting us by email, please don't include any personal, financial, or banking information as email isn't a secure method of communication. If you decide to send information in this way, you're doing so at your own risk as there's no guarantee that any email sent by you to us will be received or remain private during transmission.

**Call charges will vary.

Appendix 1
Trustees' Profiles

The Trustees have set out more details about the Trustee Board, including:

- what it means to be an affiliated and non-affiliated trustee,
- how the trustees of the Scheme are selected and
- trustees' knowledge and understanding, including training plans.

The Trustees

Independent Trustee Limited, represented by Ian Pittaway
Chair of Scheme Trustee Board
Non-affiliated Trustee
Ian Pittaway, as representative of Independent Trustee Limited, has been a trustee of the Aegon Master Trust and Chair of the trustees since 1 July 2018. He is a former senior partner of Sacker & Partners, a law firm in the City of London specialising in pensions. He previously acted as legal adviser for several pension schemes and has gained extensive pensions law experience on a wide range of issues. This includes acting as an arbitrator and as an expert witness in court proceedings.

As an independent Chair of trustees of several pension funds, Ian has extensive experience of the issues faced by trustee boards. He's a former Chair of the Association of Professional Pension Trustees (APPT), and a former Chair and secretary of the Association of Pensions Lawyers. He writes extensively for the pensions and national press, and lectures widely.

Zedra Governance Limited*, represented by Alison Bostock
Non-affiliated Trustee

Alison Bostock has worked in pensions since 1990, advising trustees and sponsors of defined benefit and DC pension schemes. Since 2015, she has been working full time as a professional trustee, with a range of appointments to DB and DC schemes. She is an accredited professional pension trustee and currently serves on the council of the APPT.

Alison possesses a strong working knowledge of pensions and trust law and the regulatory requirements for DC schemes. Along with an understanding of the principles of investing to provide a retirement income taking account of risk appetites and the expected methods of withdrawing benefits. She has carried out value for members assessments and prepared and signed off Chair's annual statements for DC schemes. She's also served on the Zedra Governance Advisory Arrangement which involved making value for money assessments for workplace pension schemes.

Alison's trustee experience includes setting and implementing investment strategies for DC schemes through both active and passive investment approaches. As well as monitoring and reviewing strategies and managers. She is a Fellow of the Institute and Faculty of Actuaries and holds the Pensions Management Institute Certificate in DC Governance.

Alison is a member of the Scheme Investment Sub-Committee and is Chair of the Aegon UK Independent Governance Committee.

Helen Parker
Non-affiliated Trustee

Helen Parker has 30 years' experience working on consumer issues, first in executive roles and now as a non-executive. She was a member of the senior leadership team of Which?, Europe's largest independent consumer organisation, for more than a decade. This included serving as editorial director, responsible for the organisation's independent information and advice services. And later as Policy Director, responsible for the evidence that underpinned its campaigning on behalf of all UK consumers.

Helen has several non-executive roles with a focus on consumer engagement and protection. She is deputy Chair of the Financial Services Compensation Scheme, which protects consumers when authorised financial services firms fail. She is also a non-executive committee member of Healthwatch England, the independent national champion for people who use health and social care services. She is a member of the End User Advisory Council for Pay.UK and a member of the Office of Rail and Road's Consumer Expert Panel.

Helen is Chair of the Scheme Communications and Engagement Sub-Committee and a member of Aegon's Independent Governance Committee.

Graeme Griffiths
Non-affiliated Trustee

Graeme Griffiths has 40 years' experience in corporate finance, asset management and responsible investment. He began his career in corporate finance and worked for two decades with J.P. Morgan and KPMG—latterly as head of European M&A—advising clients on a wide variety of corporate finance issues. In 2005, he moved into asset management, serving as a senior member of the global equity teams at AB Bernstein and Vontobel Asset Management. In 2016, he joined the Principles for Responsible Investment (PRI), a responsible investment initiative supported by the UN. In his most recent role with the PRI, he was chief operating officer and a member of its leadership team.

Graeme now focuses solely on non-executive work with an emphasis on finance, investment and sustainability issues. In this capacity he serves as an independent director and nominations committee Chair of the Chartered Alternative Investment Analyst (CAIA) Association, an investment credential provider with 13,000 members globally. He also serves on the finance and investment committees of the Royal College of Surgeons, the Royal Historical Society and Natasha's Foundation, a food allergy research charity. He is a CAIA charter holder and an accredited member of the Association of Professional Pension Trustees (APPT).

Graeme is Chair of the Aegon Master Trust Investment Sub-Committee.

Non-affiliated trustees

All members of the Trustee Board were non-affiliated trustees, throughout the Scheme Year.

Non-affiliated trustees are broadly defined as being independent of any undertaking (business) which provides advisory, administration, investment or other services to the Scheme. It's a legal requirement that the majority of trustees of an authorised master trust, such as the Scheme, are non-affiliated trustees. Non-affiliated trustees are also restricted in the period of time they can be a trustee of an authorised master trust.

Trustees can be treated as non-affiliated for a single period of up to five years and up to ten years in total. If there is a gap of more than five years between appointments, the previous appointment is ignored when working out the total. Different rules apply to professional trustee bodies. They can be treated as non-affiliated for a single period of up to five years, but they are not restricted to any cumulative term. However, their individual representative cannot retain this role for more than ten years in total, regardless of any gap between appointments.

During the Scheme year, a recruitment process was carried out, under TPR rules for non-affilated status, to ensure that both Independent Trustee Limited (Ian Pittaway) and Zedra Governance Limited (Alison Bostock) continued to be considered as non-affiliated Trustees of the Aegon Master Trust. Independent Trustee Limited (represented by Ian Pittaway) was reappointed for a further five years with effect from 1 July 2023 and Zedra Governance Limited (represented by Alison Bostock) was also reappointed for a further five years with effect from 1 December 2023.

During the Scheme year, Independent Trustees Limited (represented by Ian Pittaway, Chair of the Trustees), Zedra Governance Limited (represented by Alison Bostock); Helen Parker; and Graeme Griffiths were independent of any undertaking which provides advisory, administration, investment or other services to the Scheme. They are classified as non-affiliated for the purposes of legislation.

Zedra Governance Limited, represented by Alison Bostock; and Helen Parker, also sit on Aegon's Independent Governance Committee (IGC). Other master trusts have the same dual appointments. Based on the Financial Conduct Authority's Conduct of Business Sourcebook, the non-affiliated status of these trustees is not affected by their appointment to the IGC. The requirement to have a majority of non-affiliated trustees has therefore been met. No changes were made to the non-affiliated trustees during the Scheme year.

Affiliated trustees

There were no affiliated trustees on the Trustee Board, during the Scheme Year.

Conflict of Interest

The Trustees have a Conflicts of Interest Policy in place to ensure any conflicts are identified, considered and managed appropriately.

Selection

Members of the Trustee Board have been carefully selected for their broad level of experience and expertise across legal, actuarial, communications, customer engagement, asset management, responsible investment and customer service. They have a deep understanding of pension management and governance. A strong collective skill set and connectivity into the Aegon business brings additional strength by providing the Trustee Board greater insight and understanding of the wider business. This enhances the Trustee's ability to drive change and deliver good outcomes and value for Members.

Recruitment

The recruitment of trustees is carried out in accordance with:

- the Scheme Fit and Proper Framework and
- Master Trust Trustee: Recruitment and Appointment Process,

These were both adopted during the Scheme year, on 31 May 2023.

Recruiting non-affiliated Trustees

The Pensions Regulator and legislation requires that non-affiliated trustees must be recruited through an open and transparent recruitment process. Aegon carries out a robust, open and transparent recruitment process, with the engagement of a recruitment agency, for non-affiliated trustee searches. This includes, in accordance with applicable law and regulation the role being advertised publicly in an appropriate national publication and a long and then short list of candidates being identified and interviewed. To ensure a robust and effective selection procedure, competency-based interviews are carried out. A scoring matrix is used to objectively identify the strongest candidate.

Recruiting affiliated Trustees

Recruitment of affiliated trustees involves a combination of:

- Aegon identifying individuals within the business with the relevant skill set and attributes to become trustees of the Scheme and,
- Ian Pittaway, as Chair of the Trustee Board and a non-affiliated trustee, being satisfied that the proposed affiliated trustees meet the requirements of the post of trustee.

Trustees' knowledge and understanding

The Scheme is run by the Trustees. The Trustees operate a Fit and Proper Framework and they have provided evidence to TPR that they are Fit and Proper to be trustees.

The Trustees undertook a review of the balance of skills and experience in November 2023, using a questionnaire based on TPR's Sample Board Skills Matrix (amongst other questionnaires). This review showed that, individually and collectively:

- the Trustees have a balance of skills and experience appropriate for the Scheme and

- the knowledge and skills are spread throughout the Trustee Board and not concentrated in one or two trustees.

The individual trustees' broad and diverse range of skills and experience include those relating to DC Pensions, trusteeship, pensions law, investment, governance and administration. The results of this review are recorded in accordance with the Fit and Proper Framework.

As part of any recruitment process undertaken for the appointment of a new non-affiliated trustee, the current Trustee Board skills and experience are assessed for areas of enhancement.

Competence of the Trustee Board and individual trustees

Most trustee training was undertaken at Trustee Board level, in the form of detailed presentations and updates ("deep dives") at Board meetings. This is to ensure the Trustees have the required knowledge and understanding of the Scheme across a broad range of areas. In addition, some training is delivered to the Trustees by third parties.

Induction of New Trustees – Process

Under the Fit and Proper Framework, once a preferred trustee candidate has been identified, agreed with the Chair of the Trustees and the steps completed in relation to the candidate's appointment, the new trustee must follow an induction process. This process requires a new trustee to:

- complete the TPR Trustee toolkit within six months of appointment,

- complete the TPR and personal skills assessment questionnaires relating to that trustee's knowledge and understanding; and

- establish a customised induction training programme and personal development plan.

Each member of the Trustee Board has completed TPR's Trustee toolkit, completed the skills questionnaires, has an individual personal development plan in place and attended Trustee Board training sessions.

Training

Under the Fit and Proper Framework, the Trustee Board undertakes a regular review of the trustees' skills, knowledge and understanding. The results are used to identify any skills gaps and develop Trustee Board training plans, individual personal development plans and for Trustee Board succession planning. The Chair of the Trustees has one-to-one meetings subsequent to the Scheme year end, with each trustee. This is to evaluate and discuss that Trustee's performance, aspirations and succession planning. Evaluation of the Trustee Board's and individual Trustee's knowledge and understanding is carried out by peer review (via the Chair) and questionnaires.

The Trustee Board undertook training, during the Scheme Year, in the following areas:

- Review of Forthcoming Workplace Pension Legislation and Regulations (20 February, 14 September 2023 & 7 March 2024)
- Strategy Session (31 May 2023)
- Take to Market Session (31 May 2023)
- Information Security and Cyber Security (1 June 2023);
- Data Protection (1 June 2023);
- Financial Crime (1 June 2023)
- Employer Engagement Teach-In from Client Relationship Team (5 June 2023)
- Connecting with Customers Programme (5 June 2023)
- Deep Dive on Retirement Warm Up Journey (5 June 2023)
- Consumer Duty – Communication Approach (4 September 2023)
- Deep Dive on Public Website (4 September 2023)
- Biodiversity Teach-In (1 November 2023)
- Annual Climate Disclosures' Review (1 November 2023)
- Asset Manager Monitoring Results, including Expression of Wish (1 November 2023)
- Deep Dive on Equality, Diversity and Inclusion – Member Communications and Engagement (30 November 2023)
- Deep Dive on Key Member Communication – Drawdown (30 November 2023)
- Deep Dive on Service Resilience and Capacity Plans (7 December 2023)
- Equality, Diversity and Inclusion Teach-In (7 December 2023)
- Call Listening Session (7 December 2023)
- Customer Service Floor Walk (7 December 2023);
- Illiquid Assets and Private Markets Teach-In (16 February 2024)
- Deep Dive on Customer Journey Project (28 February 2024)
- Deep Dive on LifePath Evolution (26 March 2024)

In addition to their extensive experience and professional qualifications, the Trustees individually self-assess their own areas of knowledge. They will then meet and consider the findings, to determine training requirements and identify any individual knowledge gaps.

Any knowledge gaps are added to the training log which is kept by the secretary to the Trustees. Training in these areas will be organised.

Trust Deed and Rules, Statement of Investment Principles and pensions law

The Trustees have a working knowledge of the Scheme Trust Deed and Rules, and the Statement of Investment Principles. They have the appropriate degree of knowledge and understanding in relation to assessment and management of climate-related risks and opportunities. More information can be found in the Governance section of the TCFD Report (**Appendix 5**).

All Trustees have completed TPR's Trustee Toolkit and Skills Matrix to demonstrate they have a working knowledge of pension and trust law. The profile of the Trustee Board itself also ensures that there is a high level of knowledge of and competence in relation to pension and trust law. This is particularly demonstrated by Ian Pittaway's appointment as Chair, given his in-depth legal expertise in pension law. This knowledge is bolstered by the individual training undertaken by the Trustees.

The Trustee Board has two Board sub-committees:

- Communication and Engagement; and
- Investment.

The Trustee Board believe the sub-committee structure allows additional time and focus to be spent on these key areas outside of the quarterly Trustee Board meetings.

Each sub-committee provides focus and expert oversight on each of the areas that are essential to the successful management of the Scheme. The chair of each sub-committee formally reports back to the Trustee Board on matters discussed, recommendations and key actions agreed. This ensures the Trustee Board is kept fully informed with each sub-committee's activities. Each sub-committee meets at least quarterly.

The sub-committee memberships and high-level responsibilities are set out below for information:

Communication and Engagement Sub-Committee
Membership: Helen Parker (chair), Ian Pittaway and Ronnie Taylor (as Scheme strategist, representing Aegon).

Responsibilities include:

- ensuring all Scheme communications meet legal and regulatory requirements; and
- working with Aegon to shape the strategic direction of member communications.

Investment Sub-Committee
Membership: Graeme Griffiths (Chair), Alison Bostock and David Houston (as Scheme strategist, representing Aegon).

Responsibilities include:

- reviewing the fund range in accordance with the Statement of Investment Principles; and
- reviewing the default and self-select ranges available to participating employers.

Delegations
Where the Trustee Board frequently makes decisions in relation to certain matters, they have formal delegations in place to allow specific trustees to sign on behalf of the Trustee Board.

There are delegations in place for the following matters:

- determining beneficiaries for death benefits;
- Admitting new employees to the Scheme (including the associated investment choices); and
- Individual member pension transfer cases.

Internal dispute resolution procedure
The Trustees also review and determine the outcome of complaints made to them under the Scheme's internal dispute resolution procedure. In doing this, the Trustees maintain and demonstrate their knowledge and understanding of the Scheme's Trust Deed and Rules, the Statement of Investment Principles and legislation relating to Scheme matters such as investment of Scheme assets.

Scheme policies and processes
During the Scheme year, the Trustee Board updated and reviewed existing policies and processes for the governance and administration of the Scheme. These policies have been discussed amongst the Trustee Board as a whole and approved by them. The Trustee Board demonstrated that they understand and have knowledge of the Scheme policies and processes, and how these are applied in practice. The following were reviewed and approved by the Trustees on 31 May 2023:

- Risk Event Process;
- Data Protection Policy;
- Conflicts of Interest Policy;
- Balance of Powers;
- Internal Dispute Resolution Procedure;
- Scheme Employer Insolvency Process; and
- Scheme Late Payment Policy.

Professional advisers, appointed by the Trustee Board provide the Trustees with support and expert advice when reviewing the performance of the Scheme and ensuring it is governed in line with the Trust Deed and Rules. The advice received by the Trustees along with their own experience, training, knowledge and understanding allows them to properly exercise their functions as a Trustee Board.

Appendix 2
Costs and charges during the Scheme Year

The following tables show the costs and charges of the default and other funds available to Members. The costs and charges set out in the tables below have been calculated in accordance with the statutory guidance and it refers to the following:

- The Annual Management Charge (AMC) is the charge deducted by Aegon and the fund manager for the administration and investment services. The AMC included in tables 1 and 2 is based on the average AMC for each fund. The actual AMC Members pay will vary. The variation in AMCs across the Scheme reflects the variation in assets under management and contribution levels for each employer. These factors are considered when AMCs are set on an employer-by-employer basis. All of the different AMCs charged for each fund are noted below Tables 1 and 2 within this Appendix. Tables 3 and 4 focus on the additional investment options used by Bespoke Notional Sections, and in those cases the AMC values listed in the tables are the actual AMCs paid.

- The Additional Annual Expenses (AAE) cover the costs of professional services required to run a fund. These include services like custody services (holding assets for safe keeping, collecting income, record keeping and reporting), audit fees paid to accounting firms and auditors for the statutory annual financial statements, and depositary services that oversee how funds are managed to keep assets safe. The costs shown are paid by all Members.

- Transaction costs arise when a manager buys and sells the underlying assets of a fund. Some funds show negative transaction costs. This typically occurs when the market price of stocks being purchased fall more frequently than rise between the order being placed and executed. This can be prevalent in more stressed market conditions when asset prices may generally be declining.

- The total is the sum of the Annual Management Charge (AMC), Additional Annual Expenses (AAE) and transaction costs. Negative transaction costs are subtracted to give the total costs.
- None of the default funds available to the AMT membership incur performance-based fees.

Additional Expenses Approach

The operational and running costs incurred by asset managers are typically charged to a fund as additional expenses which act as a minor offset to fund performance. Aegon UK (AUK) runs an annual process to collect additional expenses information from underlying fund managers whose funds are used as components of Aegon's insured funds and these costs are disclosed through annual customer disclosures.

Historically Aegon does not currently pass on any of its own operational costs through additional expenses. The operational costs incurred have been increasing over recent years, as there is increased complexity of disclosure requirements, data provision and additional reporting.

In addition to the additional expenses charged by asset managers, Aegon are adding a maximum of 1bp (100th of one percent) to the additional expenses charged. The 1bps cap is designed to make sure the impact on Members is not material in the context of their overall investment and the ongoing net returns.

Aegon BlackRock Lifepath funds are excluded from this 1bp charge. All other funds within the AMT Fund range are included.

The Trustees are satisfied this is a fair and reasonable distribution of necessary costs and is a commonplace practice for other providers.

Table 1 – Standard default investment arrangements

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock LifePath Capital (BLK)	DCCFGP	0.22	0.03	0.02	0.25
Aegon BlackRock LifePath Capital 2022-2024 (BLK)	DCLPCP23	0.22	0	0.02	0.24
Aegon BlackRock LifePath Capital 2025-2027 (BLK)	DCLPCP26	0.22	0	0.04	0.26
Aegon BlackRock LifePath Capital 2028-2030 (BLK)	DCLPCP29	0.22	0	0.05	0.28
Aegon BlackRock LifePath Capital 2031-2033 (BLK)	DCLPCP32	0.22	0	0.06	0.29
Aegon BlackRock LifePath Capital 2034-2036 (BLK)	DCLPCP35	0.22	0	0.06	0.29
Aegon BlackRock LifePath Capital 2037-2039 (BLK)	DCLPCP38	0.22	0	0.06	0.29
Aegon BlackRock LifePath Capital 2040-2042 (BLK)	DCLPCP41	0.22	0	0.07	0.29
Aegon BlackRock LifePath Capital 2043-2045 (BLK)	DCLPCP44	0.22	0	0.06	0.29
Aegon BlackRock LifePath Capital 2046-2048 (BLK)	DCLPCP47	0.22	0	0.06	0.29
Aegon BlackRock LifePath Capital 2049-2051 (BLK)	DCLPCP50	0.22	0	0.05	0.28
Aegon BlackRock LifePath Capital 2052-2054 (BLK)	DCLPCP53	0.22	0	0.06	0.28
Aegon BlackRock LifePath Capital 2055-2057 (BLK)	DCLPCP56	0.22	0	0.05	0.27
Aegon BlackRock LifePath Capital 2058-2060 (BLK)	DCLPCP59	0.22	0	0.07	0.30

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock LifePath Capital 2061-2063 (BLK)	DCLPCP62	0.22	0	0.07	0.30
Aegon BlackRock LifePath Capital 2064-2066 (BLK)	DCLPCP65	0.22	0	0.07	0.30
Aegon BlackRock LifePath Capital 2067-2069 (BLK)	DCLPCP68	0.22	0	0.07	0.30
Aegon BlackRock LifePath Capital 2070-2072 (BLK)	DCLPCP71	0.22	0	0.07	0.30
Aegon BlackRock LifePath Capital 2073-2075 (BLK)	DCLPCP74	0.22	0	0.07	0.30
Aegon BlackRock LifePath Capital 2076-2078 (BLK)	DCLPCP77	0.22	0	0.07	0.30
Aegon BlackRock LifePath Flexi (BLK)	DCLPFL	0.22	0	0.07	0.29
Aegon BlackRock LifePath Flexi 2022-2024 (BLK)	DCLPFL23	0.22	0	0.05	0.27
Aegon BlackRock LifePath Flexi 2025-2027 (BLK)	DCLPFL26	0.22	0	0.06	0.28
Aegon BlackRock LifePath Flexi 2028-2030 (BLK)	DCLPFL29	0.22	0	0.06	0.29
Aegon BlackRock LifePath Flexi 2031-2033 (BLK)	DCLPFL32	0.22	0	0.06	0.29
Aegon BlackRock LifePath Flexi 2034-2036 (BLK)	DCLPFL35	0.22	0	0.06	0.29
Aegon BlackRock LifePath Flexi 2037-2039 (BLK)	DCLPFL38	0.22	0	0.06	0.29
Aegon BlackRock LifePath Flexi 2040-2042 (BLK)	DCLPFL41	0.22	0	0.07	0.29
Aegon BlackRock LifePath Flexi 2043-2045 (BLK)	DCLPFL44	0.22	0	0.06	0.29
Aegon BlackRock LifePath Flexi 2046-2048 (BLK)	DCLPFL47	0.22	0	0.06	0.29
Aegon BlackRock LifePath Flexi 2049-2051 (BLK)	DCLPFL50	0.22	0	0.05	0.28
Aegon BlackRock LifePath Flexi 2052-2054 (BLK)	DCLPFL53	0.22	0	0.06	0.28
Aegon BlackRock LifePath Flexi 2055-2057 (BLK)	DCLPFL56	0.22	0	0.05	0.27

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock LifePath Flexi 2058-2060 (BLK)	DCLPFL59	0.22	0	0.07	0.30
Aegon BlackRock LifePath Flexi 2061-2063 (BLK)	DCLPFL62	0.22	0	0.07	0.30
Aegon BlackRock LifePath Flexi 2064-2066 (BLK)	DCLPFL65	0.22	0	0.07	0.30
Aegon BlackRock LifePath Flexi 2067-2069 (BLK)	DCLPFL68	0.22	0	0.07	0.30
Aegon BlackRock LifePath Flexi 2070-2072 (BLK)	DCLPFL71	0.22	0	0.07	0.30
Aegon BlackRock LifePath Flexi 2073-2075 (BLK)	DCLPFL74	0.22	0	0.07	0.30
Aegon BlackRock LifePath Flexi 2076-2078 (BLK)	DCLPFL77	0.22	0	0.07	0.30
Aegon BlackRock LifePath Retirement 2022-2024 (BLK)	DCLPRT23	0.22	0	0.07	0.29
Aegon BlackRock LifePath Retirement 2025-2027 (BLK)	DCLPRT26	0.22	0	0.06	0.29
Aegon BlackRock LifePath Retirement 2028-2030 (BLK)	DCLPRT29	0.22	0	0.07	0.29
Aegon BlackRock LifePath Retirement 2031-2033 (BLK)	DCLPRT32	0.22	0	0.06	0.29
Aegon BlackRock LifePath Retirement 2034-2036 (BLK)	DCLPRT35	0.22	0	0.06	0.29
Aegon BlackRock LifePath Retirement 2037-2039 (BLK)	DCLPRT38	0.22	0	0.06	0.29
Aegon BlackRock LifePath Retirement 2040-2042 (BLK)	DCLPRT41	0.22	0	0.07	0.29
Aegon BlackRock LifePath Retirement 2043-2045 (BLK)	DCLPRT44	0.22	0	0.06	0.29
Aegon BlackRock LifePath Retirement 2046-2048 (BLK)	DCLPRT47	0.22	0	0.06	0.29
Aegon BlackRock LifePath Retirement 2049-2051 (BLK)	DCLPRT50	0.22	0	0.05	0.28
Aegon BlackRock LifePath Retirement 2052-2054 (BLK)	DCLPRT53	0.22	0	0.06	0.28
Aegon BlackRock LifePath Retirement 2055-2057 (BLK)	DCLPRT56	0.22	0	0.05	0.27

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock LifePath Retirement 2058-2060 (BLK)	DCLPRT59	0.22	0	0.07	0.30
Aegon BlackRock LifePath Retirement 2061-2063 (BLK)	DCLPRT62	0.22	0	0.07	0.30
Aegon BlackRock LifePath Retirement 2064-2066 (BLK)	DCLPRT65	0.22	0	0.07	0.30
Aegon BlackRock LifePath Retirement 2067-2069 (BLK)	DCLPRT68	0.22	0	0.07	0.30
Aegon BlackRock LifePath Retirement 2070-2072 (BLK)	DCLPRT71	0.22	0	0.07	0.30
Aegon BlackRock LifePath Retirement 2073-2075 (BLK)	DCLPRT74	0.22	0	0.07	0.30
Aegon BlackRock LifePath Retirement 2076-2078 (BLK)	DCLPRT77	0.22	0	0.07	0.30
Aegon BlackRock LifePath Retirement (BLK)	DCLPRT	0.22	0	0.07	0.29
Aegon BlackRock Cash (BLK)	DCCFGP	0.22	0.03	0.02	0.27

Source: Aegon, 31 March 2024

Figures shown have been rounded to two decimal points. Due to rounding, numbers presented throughout this table may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

As outlined in the Statement of Investment Principles, during any period where a fund is suspended, Members' contributions will be directed to the Aegon BlackRock Cash Fund.

Actual AMCs

A Member can find out the specific AMC which applies to the fund(s) they are invested in by referring to the fund information on the TargetPlan member website or their Investment Options booklet.

The actual AMC rates that apply to LifePath funds (all versions and year vintages) are: 0.16%, 0.18%, 0.21%, 0.22%, 0.23%, 0.24%, 0.25%, 0.26%, 0.27%, 0.29%, 0.31%, 0.34%, 0.36%, 0.41%, 0.51%. The actual AMC rates that apply to Aegon BlackRock Cash and the undated LifePath Capital fund are: 0.10%, 0.15%, 0.18%, 0.20%, 0.25%, 0.30%, 0.35%, 0.40%.

Table 2 – AMT Fund Range

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Passive equity					
Aegon Global Islamic Equity Tracker (AMT)	DCIGET	0.53	0	0.01	0.54
Aegon Global Small Cap Equity Tracker (AMT)	DCGSCET	0.31	0.02	0.08	0.41
Aegon Developed Markets Equity Tracker (AMT)	DCDMET	0.23	0	0	0.23
Aegon Developed Markets ex-UK Equity Tracker (AMT)	DCGET	0.22	0.01	0.02	0.25
Aegon Europe ex-UK Equity Tracker (AMT)	DCEET	0.22	0.02	0.01	0.25
Aegon US Equity Tracker (AMT)	DCUSET	0.22	0.01	0.02	0.25
Aegon UK Equity Tracker (AMT)	DCUKET	0.22	0.01	0.09	0.32
Aegon Emerging Markets Equity Tracker (AMT)	DCAEMEQT	0.27	0.06	0	0.33
Aegon Japan Equity Tracker (AMT)	DCJET	0.22	0.01	0.01	0.24
Aegon Pacific ex-Japan Equity Tracker (AMT)	DCAPEQT	0.25	0.05	0	0.30
Active equity					
Aegon Global Climate Focus Equity (AMT)	DCAGCFE	0.74	0.08	0.15	0.97
Aegon Global Sustainable Equity (AMT)	DCGSE	0.64	0.03	0.12	0.79
Passive multi asset					
Aegon Retirement Income Multi-Asset (AMT)	DCRIMA	0.22	0.03	0.07	0.32
Active multi-asset					
Aegon Global Sustainable Multi-Asset Growth (AMT)	DCGSMAG	0.73	0	0.36	1.09
Aegon Global Sustainable Multi-Asset Balanced (AMT)	DCGSMAB	0.41	0.01	0.12	0.54
Passive fixed income					
Aegon UK Corporate Bond Tracker (AMT)	DCUKCBT	0.25	0.02	0.01	0.28
Aegon UK Government Bond Tracker (AMT)	DCAUKFIGT	0.21	0.01	0.03	0.25

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Aegon UK Index-Linked Government Bond Tracker (AMT)	DCAUKILGT	0.21	0.01	0.03	0.25
Active fixed income					
Aegon Global Short Term Sustainable Bond (AMT)	DCGSTSB	0.36	0.04	0.12	0.52
Aegon Global Sustainable Government Bond (AMT)	DCGSGB	0.38	0.07	0	0.45
Aegon Global Absolute Return Bond (AMT)	DCGARB	0.50	0.05	0.2	0.75
Aegon Global Strategic Bond (AMT)	DCGSB	0.64	0.12	0.31	1.07
Alternatives					
Aegon Global Listed Infrastructure (AMT)	DCAGIE	0.78	0.01	0.2	0.99
Aegon UK Property (AMT)	DCAUKP	0.42	0.5	0	0.92
Cash					
Aegon Cash (AMT)	DCACASH	0.23	0.03	0.01	0.27

Old Core Fund Range:

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock 30/70 Currency Hedged Global Equity Index (BLK)	DCGEIF	0.37	0.02	0	0.43
Aegon BlackRock Cash (BLK)	DCCFGP	0.22	0.03	0.02	0.27
Aegon BlackRock Corporate Bond (BLK)	DCHIBF	0.64	0.02	0.13	0.77
Aegon BlackRock Diversified Growth (BLK)	DCTRF	0.77	0.06	0.41	1.24
Aegon BlackRock Emerging Markets Equity Index (BLK)	DCAEME	0.37	0.08	0.00	0.45
Aegon BlackRock Market Advantage (BLK)	DCALMA	0.49	0.01	0.30	0.80

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock Over 15 Year Gilt Index (BLK)	DC15GIF	0.24	0.01	0.03	0.28
Aegon BlackRock Over 5 Year Index-Linked Gilt Index (BLK)	DCO5ILG	0.24	0.01	0.15	0.40
Aegon BlackRock Pre-Retirement (BLK)	DCGP	0.38	0.01	0.08	0.48
Aegon Property (BLK)	DCPF	0.83	0.01	0.07	0.91
Aegon BlackRock UK Equity Index (BLK)	DCUKEIF	0.26	0.00	0.08	0.34
Aegon BlackRock World (ex-UK) Equity Index (BLK)	DCXUKEI	0.26	0.01	0.01	0.28
Aegon HSBC Islamic Global Equity Index (BLK)	DCHAF	0.53	0.00	0.01	0.54
Aegon LGIM Ethical Global Equity Index (BLK)	DCLGEGI	0.53	0.01	0.00	0.54
Aegon Baillie Gifford Positive Change	DCABGPCH	0.61	0.03	0.12	0.76
Aegon HSBC Developed World Sustainable Equity Index	DCHSDWS	0.23	0	0	0.23
Aegon Ninety One Global Multi-Asset Sustainable Growth	DCIDGF	0.78	0.18	0.34	1.30

Source: Aegon, 31 March 2024

A fund can show negative transaction costs, for instance when the market price of stocks being purchased fall more frequently than rise between the order being placed and executed. This can be prevalent in more stressed market conditions when asset prices may generally be declining.

Figures shown have been rounded to two decimal points. Due to rounding, numbers presented throughout this table may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Actual AMCs

The AMCs above are based on an average across share classes. As mentioned above, a Member can find out the specific AMC which applies to the fund(s) they are invested in by referring to the fund information on the TargetPlan member website or their Investment Options booklet.

The actual AMCs that apply to the above funds are set out below:

- Aegon BlackRock 30/70 Hedged Global Equity Index: 0.13%, 0.15%, 0.17%, 0.18%, 0.19%, 0.20%, 0.22%, 0.23%, 0.24%, 0.25%, 0.27%, 0.29%, 0.30%, 0.33%, 0.37%, 0.40%, 0.47%, 0.50%.
- Aegon BlackRock Cash: 0.10%, 0.15%, 0.18%, 0.20%, 0.25%, 0.30%, 0.35%, 0.40%.
- Aegon BlackRock Corp Bond: 0.28%, 0.45%, 0.47%, 0.49%, 0.50%, 0.53%, 0.55%, 0.57%, 0.59%, 0.60%, 0.63%, 0.70%, 0.75%, 0.80%.
- Aegon BlackRock Diversified Growth: 0.55%, 0.65%, 0.67%, 0.69%, 0.70%, 0.73%, 0.75%, 0.77%, 0.79%, 0.80%, 0.83%, 0.90%, 1.00%.
- Aegon BlackRock Emerging Markets Equity Index: 0.22%, 0.24%, 0.25%, 0.28%, 0.30%, 0.32%, 0.34%, 0.35%, 0.38%, 0.40%, 0.43%, 0.45%, 0.55%.
- Aegon BlackRock Market Advantage: 0.29%, 0.30%, 0.32%, 0.35%, 0.37%, 0.38%, 0.39%, 0.40%, 0.43%, 0.45%, 0.47% 0.49%, 0.50%, 0.53%, 0.55%, 0.60%, 0.70%.
- Aegon BlackRock Over 15 Year Gilt Index: 0.10%, 0.12%, 0.14%, 0.15%, 0.18%, 0.20%, 0.22%, 0.24%, 0.25%, 0.28%, 0.35%, 0.45%.
- Aegon BlackRock Over 5Year Index-Linked Gilt Index: 0.10%, 0.12%, 0.14%, 0.15%, 0.18%, 0.20%, 0.22%, 0.24%, 0.25%, 0.28%, 0.35%, 0.45%.
- Aegon BlackRock Pre-Retirement: 0.15%, 0.24%, 0.26%, 0.27%, 0.30%, 0.32%, 0.34%, 0.36%, 0.37%, 0.40%, 0.47%, 0.50%.
- Aegon Property: 0.30%, 0.70%, 0.76%, 0.78%, 0.80%, 0.82%, 0.83%, 0.85%, 0.88%, 0.93%, 0.98%, 1.00%, 1.02%, 1.18%.
- Aegon BlackRock UK Equity Index: 0.10%, 0.12%, 0.13%, 0.14%, 0.15%, 0.18%, 0.20%, 0.22%, 0.24%, 0.25%, 0.28%, 0.35%, 0.40%, 0.45%.
- Aegon BlackRock World (ex UK) Equity Index: 0.10%, 0.12%, 0.13%, 0.14%, 0.15%, 0.18%, 0.20%, 0.22%, 0.24%, 0.25%, 0.28%, 0.35%, 0.40%, 0.45%.
- Aegon HSBC Islamic Global Equity Index: 0.40%, 0.42%, 0.44%, 0.45%, 0.48%, 0.50%, 0.52%, 0.54%, 0.55%, 0.58%, 0.65%, 0.75%, 0.85%.
- Aegon LGIM Ethical Global Equity Index: 0.30%, 0.31%, 0.35%, 0.40%, 0.42%, 0.44%, 0.45%, 0.48%, 0.50%, 0.52%, 0.54%, 0.55%, 0.58%, 0.60%, 0.65%, 0.70%.
- Aegon Baillie Gifford Positive Change: 0.55%, 0.57%, 0.58%, 0.59%, 0.60%, 0.63%, 0.65%, 0.67%, 0.70%, 0.73%, 0.75%, 0.80%, 0.85%
- Aegon HSBC Developed World Sustainable Equity Index: 0.15%, 0.17%, 0.18%, 0.19%, 0.20%, 0.23%, 0.25%, 0.27%, 0.30%, 0.33%, 0.35%, 0.40%, 0.45%
- Aegon Ninety One Global Multi-Asset Sustainable Growth: 0.65%, 0.67%, 0.68%, 0.69%, 0.70%, 0.73%, 0.75%, 0.77%, 0.80%, 0.83%, 0.85%, 0.90%, 0.95%

Table 3 – Funds used within Bespoke Notional Sections:

As outlined in this report, the Trustees introduced a new AMT Fund Range which was made available to Members within the Scheme year. This introduction was carried out through a phased implementation from June to October 2023. As part of this implementation many of the Bespoke Notional Sections opted to move into the standard AMT investment offering and therefore, as at the end of the Scheme year were no longer Bespoke Notional Sections.

Sun Life of Canada 2015 Employee Pension Plan

Self-select range

The transition to the AMT Fund Range was completed in June 2023. One fund, The Sun Life of Canada Fund, was retained in addition to the standard AMT Fund Range therefore, Sun Life of Canada 2015 Employee Pension Plan remains a Bespoke Notional Section.

One fund is offered in addition to the ATM Fund Range:

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
The Sun Life of Canada Fund	DCS3CF	0	0.02	0	0.02

Although the Sun Life of Canada 2015 Employee Pension Plan opted to remain as a Bespoke Notional Section, the new AMT Fund Range removed the need for 10 funds. The funds were removed in June 2023 and therefore not reported on above were:

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock European Equity Index (BLK)	DCAEE	0.34	0.02	0.01	0.37
Aegon AM Ethical Equity (BLK)	DCAEGE	0.93	0.02	0.06	1.00
Aegon BlackRock Japanese Equity Index (BLK)	DCAJE	0.34	0.01	0.03	0.38
Aegon BlackRock Pacific Rim Equity Index (BLK)	DCAPE	0.31	0.01	0.00	0.32
Aegon BlackRock US Equity Index (BLK)	DCAUE	0.34	0.01	0.02	0.37
Aegon BlackRock Balanced Growth (BLK)	DCBGF	0.63	0	0.20	0.82
Aegon BlackRock All Stocks UK Gilt Index (BLK)	DCBPLASG	0.35	0	0.03	0.38
Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	DCCBAS	0.33	0.01	0.05	0.39
Aegon LGIM Pre-Retirement (BLK)	DCLGP	0.42	0	0.00	0.42
Aegon BNY Mellon Real Return (BLK)	DCNRRF	0.93	0.04	0.30	1.27

Source: Aegon, 31 March 2024

SG Retirement Savings Plan

No changes were made to the funds offered within the SG Retirement Savings Plan during the Scheme year.

Default strategies

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
SG Property Dynamic Blend	DCMGPPPSG	0.41	0	0.45	0.86

Source: Aegon, 31 March 2024

One fund component of the SG Property Dynamic blend is suspended so it has not been possible to obtain transaction costs. The suspended fund will in due course be removed from the SG Property Dynamic Blend.

Self-select range

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock US Equity Index (BLK)	DCAUE	0.14	0.01	0.02	0.17
Aegon BlackRock European Equity Index (BLK)	DCAEE	0.14	0.02	0.01	0.17
Aegon BlackRock Japanese Equity Index (BLK)	DCAJE	0.14	0.01	0.03	0.18
Aegon BlackRock Pacific Rim Equity Index (BLK)	DCAPE	0.14	0.01	0.00	0.15
Aegon BlackRock MSCI Currency Hedged World Index (BLK)	DCCHMSCI	0.2	0.01	-0.01	0.20
Aegon BlackRock UK Special Situations (BLK)	DCUKSS	0.65	0.01	0.44	1.10
SG Passive Global Equity Fund	DCSGPGE	0.17	0.01	0.03	0.21
SG Active Global Equity Fund	DCMFSG	0.65	0.06	0.05	0.76
SG Diversified Growth Fund	DCSGDG	0.58	0.06	0.17	0.81
Aegon BlackRock Absolute Return Bond (BLK)	DCARBF	0.6	0.02	1.14	1.76
Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	DCCBAS	0.14	0.01	0.05	0.20
Aegon BlackRock All Stocks UK Gilt Index (BLK)	DCBPLASG	0.14	0	0.03	0.17
Aegon BlackRock Index-Linked Gilt (BLK)	DC1	0.14	0	0.05	0.19
Aegon Baillie Gifford Positive Change	DCABGPCH	0.59	0.03	0.12	0.74
Aegon HSBC Developed World Sustainable Equity Index	DCHSDWS	0.19	0	0	0.19
Aegon Ninety One Global Multi-Asset Sustainable Growth	DCIDGF	0.69	0.18	0.34	1.21

Source: Aegon, 31 March 2024

KPMG Deferred Plan

The transition to the AMT Fund Range was completed on 30 April 2024, beyond the end of the Scheme year. For that reason, the KPMG Deferred Plan is considered a Bespoke Notional Scheme for this report.

Funds that were removed available to the Members in the April 2024 were:

Self-select range

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock US Equity Index (BLK)	DCAUE	0.12	0.01	0.02	0.15
Aegon BlackRock European Equity Index (BLK)	DCAEE	0.12	0.02	0.01	0.15
Aegon BlackRock Japanese Equity Index (BLK)	DCAJE	0.12	0.01	0.03	0.16
Aegon BlackRock Pacific Rim Equity Index (BLK)	DCAPE	0.12	0.01	0.00	0.13
Aegon Threadneedle UK Social Bond Fund	DCTUSB	0.40	0.11	0.05	0.57

Source: Aegon, 31 March 2024

Plans that were fully transitioned to AMT Fund Range during Scheme year

The following plans opted to fully transition to the standard AMT Fund Range within the Scheme year and are therefore no longer considered Bespoke Notional Sections are as follows:

The MacIntyre Group Pension Scheme

Self-select range

The transition to the AMT Fund Range was completed in July 2023.

Funds that were removed and therefore not reported on above were:

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock Over 15 Year Corporate Bond Index (BLK)	DC15CBI	0.35	0.02	0.09	0.46
Aegon BlackRock 40/60 Global Equity Index (BLK)	DC40GEI	0.35	0.01	0.04	0.40

Source: Aegon, 31 March 2024

The Anglo American UK Pension Plan

Self-select range

The transition to the AMT Fund Range was completed in July 2023.

Funds that were removed and therefore not reported on above were:

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock US Equity Index (BLK)	DCAUE	0.18	0.01	0.02	0.21
Aegon BlackRock European Equity Index (BLK)	DCAEE	0.18	0.02	0.01	0.21
Aegon BlackRock Japanese Equity Index (BLK)	DCAJE	0.18	0.01	0.03	0.22
Aegon BlackRock Pacific Rim Equity Index (BLK)	DCAPE	0.18	0.01	0.00	0.19

Source: Aegon, 31 March 2024

Turner & Townsend Pension Plan

Self-select range

The transition to the AMT Fund Range was completed in July 2023.

Funds that were removed and therefore not reported on above were:

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Turner & Townsend Active Global Equity	DC5050G	0.6	0	0.23	0.83
Turner & Townsend Passive Global Equity	DC40GEI	0.22	0.01	0.04	0.27
Turner & Townsend Balanced Fund	DCCIF	0.22	0.01	0.04	0.27
Turner & Townsend Corporate Bond Fund	DC15CBI	0.22	0.02	0.09	0.33
Turner & Townsend Diversified Growth	DCTRF	0.55	0.06	0.41	1.02
Turner & Townsend Emerging Mkts Eq	DCAEME	0.37	0.08	0.00	0.45
Turner & Townsend Index Linked Gilt	DC05ILG	0.22	0.01	0.15	0.38
Turner & Townsend Pre-Retirement Bond	DCGP	0.3	0.01	0.08	0.39
Turner & Townsend Shariah Principles Equity	DCHAF	0.65	0	0.01	0.66
Turner & Townsend Socially Responsible Equity	DCLGEGI	0.45	0.01	0.00	0.46

Source: Aegon, 31 March 2024

Skanska DC2018 Plan

Self-select range

The transition to the AMT Fund Range was completed in June 2023.

Funds that were removed and therefore not reported on above were:

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	DCCBAS	0.2	0.01	0.05	0.26

Source: Aegon, 31 March 2024

Beales Deferred Section of the Aegon Master Trust

Self-select range

The transition to the AMT Fund Range was completed in July 2023.

Funds that were removed and therefore not reported on above were:

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock Over 15 Year Corporate Bond Index (BLK)	DC15CBI	0.45	0.02	0.09	0.56
Aegon LGIM Ethical UK Equity Index (BLK)	DCLGEUE	0.75	0.01	0.03	0.79

Source: Aegon, 31 March 2024

Archant Pension Plan

Self-select range

The transition to the AMT Fund Range was completed in July 2023.

Funds that were removed and therefore not reported on above were:

Fund	Fund Ticker	Annual Management Charge (AMC)	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock Diversified Growth Plus (BLK)	DCTRP	0.78	0.04	0.40	1.22
Aegon BlackRock Cautious Diversified Growth (BLK)	DCTRL	0.57	0.03	0.22	0.82
Aegon BlackRock 50/50 Global Equity Index (BLK)	DC50GEI	0.35	0.01	0.03	0.39
Aegon LGIM Ethical UK Equity Index (BLK)	DCLGEUE	0.5	0.01	0.03	0.54
Aegon Standard Life Corporate Bond (BLK)	DCSLCBF	0.6	0.01	0.10	0.71
Aegon BlackRock 70/30 Global Equity Index (BLK)	DC70GEI	0.35	0.01	0.06	0.42
Aegon BlackRock Over 15 Year Corporate Bond Index (BLK)	DC15CBI	0.35	0.02	0.09	0.46
Aegon Standard Life Global Absolute Return Strategies (BLK)	DCSLGAR	1.1	0.02	0.52	1.64
Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	DCCBAS	0.35	0.01	0.05	0.41
Aegon BlackRock 40/60 Global Equity Index (BLK)	DC40GEI	0.35	0.01	0.04	0.40
Aegon BlackRock US Equity Index (BLK)	DCAUE	0.35	0.01	0.02	0.38
Aegon BlackRock European Equity Index (BLK)	DCAEE	0.35	0.02	0.01	0.38
Aegon BlackRock Japanese Equity Index (BLK)	DCAJE	0.35	0.01	0.03	0.39
Aegon BlackRock Pacific Rim Equity Index (BLK)	DCAPE	0.35	0.01	0.00	0.36

Fund	Fund Ticker	Annual Management Charge (AMC)	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock 50/50 Global Growth (BLK)	DC5050G	0.6	0	0.23	0.83
Aegon Invesco Pensions Managed (BLK)	DCINVPM	0.9	0.01	0.30	1.21
Aegon BlackRock UK Growth (BLK)	DCUKGC	0.6	0	0.22	0.82
Aegon BlackRock Pacific Growth (BLK)	DCPACG	0.6	0	0.21	0.81
Aegon BlackRock Alpha Smaller Companies (BLK)	DCASC	0.6	0	0.47	1.07
Aegon BlackRock Index Linked Gilt (BLK)	DC1	0.4	0	0.05	0.45
Aegon BlackRock UK Equity (BLK)	DCUKDY	0.75	0.02	0.54	1.31
Aegon LGIM Global Equity (60:40) Index (BLK)	DCLGGE	0.4	0.06	0.03	0.49
Aegon LGIM Pre-Retirement (BLK)	DCLGP	0.4	0	0.00	0.40
Aegon LGIM North America Equity Index (BLK)	DCLGNAE	0.4	0	0.00	0.40
Aegon LGIM Europe (ex UK) Index (BLK)	DCLGEXU	0.45	0.06	0.19	0.70
Aegon BlackRock Sterling Bond (BLK)	DC8	0.5	0	0.05	0.55

Source: Aegon, 31 March 2024

The Mars Pet Nutrition 2019 Pension Plan

Self-select range

The transition to the AMT Fund Range was completed in June 2023.

Funds that were removed and therefore not reported on above were:

Fund	Fund Ticker	AMC	Additional Annual Expenses	Transaction Costs	Total
Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	DCCBAS	0.35	0.01	0.05	0.41

Source: Aegon, 31 March 2024

Figures shown have been rounded to two decimal points. Due to rounding, numbers presented throughout this table may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Appendix 3
Statement of Investment Principles

Please bear in mind that the value of investments may go down as well as up and that investors may get back less than they invest. Past performance is not a guide to future performance. To find out more about the funds mentioned in this document, including fund-specific risks, please read the fund factsheets, which can be found on the website at **www.aegon.co.uk/funds**.

Any charts are for illustrative purposes only.

Please see glossary of terms at the start of this document if you're unsure of any of the terms used. You should seek financial advice if you're not sure whether an investment or product is right for you.

Adopted by the Trustees on 23 April 2024

Document history

- **September 2019 / September 2020** – The Trustees updated their Statement of Investment Principles (the SIP) in September 2019 and again in September 2020 to incorporate new default fund detail, the Trustee's further thinking on sustainability and some policy changes and new legal requirements which took effect from 1 October 2020.

- **September 2021** – A further update in September 2021 added additional detail on Employer Bespoke Notional Sections, detailing how the Trustees consider and monitor individual employer requests to make available funds outside the standard fund range. That revision also reflected the move by one Bespoke Notional Section to use the Aegon BlackRock LifePath standard default. Importantly the revision added information about the Trustees' environmental, social and governance (ESG) beliefs.

- **September 2022** – The SIP was updated following the addition of three funds to the standard self-select fund range, together with an update on the Sun Life of Canada 2015 Employee Pension Plan default arrangements; and to clarify the Trustees would review annually how asset managers align with, and reflect, the Trustees stewardship policies.

- **May 2023** – A further revision, adopted in May 2023, reflected the introduction of the New Core Range. At the time of this update, the New Core Range was available only to new employers joining the Scheme. It was noted that members within existing notional sections (including where applicable, Bespoke Notional Sections) would gain access to the New Core Range later.

- **September 2023** – This update to the SIP, adopted in 14 September 2023, reflects the availability of the AMT Fund Range (previously referred to as the New Core Range) to members within existing notional sections of the Scheme, replacing the previous self-select fund range (the Old Core Range).

  Where a fund from the Old Core Range is being withdrawn the Trustees are in the process of moving Members with holdings in that fund, to either a new fund in the AMT Fund Range selected by the member or to the relevant Aegon BlackRock LifePath fund. The Trustees plan to complete the transfer of members to the AMT Fund Range by the end of 2023. Once the transfer is complete any references to the Old Core Range in the SIP can be disregarded.

  This revision to the SIP also updates the Bespoke Notional Section information to detail those that have moved to the standard Scheme fund options (and so are no longer Bespoke Notional Sections) and those Bespoke Notional Sections that have made changes to the funds available to their Members.

- **April 2024** – This update removes reference to the Old Core Range, which is no longer available to members following the full implementation on the AMT Fund Range. The implementation finalised in October 2023, the Bespoke Notional Section has also been updated to reflect those have moved to the standard AMT Fund Range (and as a result, are no longer Bespoke Notional Sections).

  This revision of the SIP also includes the addition of a policy on the investment in illiquid assets, adopted by the Trustees in April 2024.

Glossary

Throughout this document we have sought to explain any technical terms in the context they are used. This glossary is provided as a reference to explain many of these terms in everyday language. Please note the descriptions used in this glossary are not to be read as defined terms within the Scheme Rules. Where the definitions differ, the definition contained in the Scheme Rules will apply.

Actively managed funds

A fund which has an asset manager or team making decisions on the underlying asset allocation. Actively managed funds aim to produce returns which exceed a specific benchmark / index, although there's no guarantee that they will do so. Actively managed funds require a greater level of manual intervention, so costs are usually higher than for passively managed funds.

Annuity

This is an option at retirement, the client can choose to purchase an annuity to the value of their pension pot which then pays a guaranteed regular income payment for life, or for a defined period.

Asset allocation

Asset allocation is the process of dividing investments among different asset classes, such as equities, bonds and cash, to balance risk and reward.

Asset classes

Types of investment, includes equities, often split by global region, bonds, commercial property and cash.

Bonds

Loans or securities which can be issued by governments, companies or local authorities to raise money. They entitle the holder to regular interest and repayment when the loan matures.

Cash

Cash held in a fund can include a mix of sterling cash, securities of deposit, short-term bonds, and money market instruments. These investments are generally considered to be less risky than other types of investment, but also have lower growth potential, and returns may be outstripped by rising inflation. In a low interest rate environment cash funds may generate a negative return after charges.

Commercial property (real estate)

Such as offices, retail and industrial property, or shares in property companies. Returns come from a mix of rental income and, hopefully, rising property values. Managers of commercial property investments may at times delay payment to investors if market conditions make it hard to sell properties at a fair price.

ESG

ESG stands for environmental, social, and governance and is an evaluation of those factors for investment purposes. Investors use these factors to identify material risks and growth opportunities.

- Environmental – climate change, energy efficiency, water use and conservation, deforestation, waste and pollution, and use of natural resources.
- Social – human rights and labour standards, product safety and reliability, diversity and inclusion policies, nutrition and health, workplace safety, workplace benefits, supply chain and sourcing.
- Governance – Board independence and diversity, shareholders' rights, executive pay, ownership and control, accounting integrity and tax transparency.

Equities

Also known as company shares, which mean you're buying part ownership of that company. Returns come from a mixture of dividends and capital growth if the company is successful. Equities have traditionally offered better long-term growth potential than other asset classes, but they are also more likely to fall significantly in value.

Illiquid Assets

Illiquid assets are those that cannot easily or quickly be sold or exchanged for cash and include any such assets held in a collective investment scheme.

Income drawdown

This is a retirement strategy option where the member withdraws some of their money from a pension savings account to support their retirement whilst leaving other pension savings invested.

Notional section

As the Scheme is not formally segregated, different employer and member groupings are referred to as notional sections.

Passively managed funds

Passively managed funds aim to produce returns broadly in line with the index they track (before charges) by investing in the same investments, in the same proportions, as that index. This means less manual intervention, so charges are usually lower than for actively managed funds.

1. Introduction to this document

This document is the SIP of the Aegon Master Trust (the 'Scheme') prepared by the Trustees of the Scheme (the 'Trustees'). It enables the Trustees to meet the requirements of:

- the Pensions Act 1995 as amended by the Pensions Act 2004
- the Occupational Pension Schemes (Investment) Regulations 2005 and subsequent amendments

Prior to updating this SIP, the Trustees have obtained and considered independent written advice from Isio, the Trustees' investment advisers. Isio is authorised and regulated by the Financial Conduct Authority (FCA) for a range of investment business activities. The Trustees have also consulted with Aegon as Sponsoring Employer and service provider in the preparation of this SIP.

The SIP provides details of the fund range including default arrangements, for Members who haven't chosen where to invest their pension savings, and other investment options and the investment policies which guide the way in which Members' investments are made and managed. These policies apply across all of the Scheme's investments (unless otherwise stated) and are intended to ensure that the assets are invested in the best interests of Members (and beneficiaries).

The Scheme is a 'wholly insured bundled' arrangement which means that all the relevant administration, other services and investment funds are provided by Aegon. The Scheme is looked after by Trustees who are ultimately responsible for the governance, administration, and investment functions of the Scheme, which includes arranging for the Scheme assets to be invested in the best interests of its Members (and beneficiaries). The Scheme invests in 'pooled' funds and, therefore, the Trustees do not have a direct relationship with the underlying asset manager(s) but they have a contractual relationship with Aegon and use this relationship to influence the stewardship and investment activities of the underlying asset manager(s). This is usual for these types of arrangement. The Scheme Trustees have produced this SIP, which formally sets out the Trustees' investment policies, beliefs, and objectives and how they review and monitor the Scheme's investment strategy and performance. This is a legal requirement.

The SIP is reviewed at least every three years or when a significant change to the Scheme's investment strategy or fund range design has been made or when the Trustees consider that a review is needed for other reasons. The default arrangement strategies will also be reviewed after any significant change in the demographic profile of relevant Members.

Members can obtain a copy of this document either at **www.aegon.co.uk/workplace/employers/targetplan/master-trust.html** or on request.

2. Choosing investments

The Trustees believe that good investment governance can deliver better outcomes for Members. Having a set of clearly defined investment beliefs is part of this. 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.

The Trustees' investment beliefs

i. Default arrangements should reduce Members' exposure to investment risk throughout their lifetime, as well as reflect their likely pension benefit choices.

ii. The fund range should meet the needs of the target market and it should be presented in a simple way that helps to combat common behavioural biases.

iii. Other self-select investment options should be offered to meet the differing risk and goal preferences of Members.

iv. As long-term investors, the Trustees believe the fund range should, where possible, align with the Trustees' responsible investment beliefs (set out in section 8).

Investment objectives

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 with the intention to best meet these diverse needs, as well as to cater for Members wanting to take income drawdown in retirement.

Details of the fund range (default arrangements and other investment options made available) are included in the Appendices to this document. The Trustees are also aware that some participating employers wish to agree a different range of investment fund options and/or a different default fund for their employees. Where that is the case, the Trustees and the participating employer in question take appropriate investment advice to create a bespoke arrangement for such employees. Further details of bespoke arrangements are outlined in the Appendix 2, and full details of these arrangements are given to the employees directly.

3. Balance of different kinds of investments

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.

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. The fund range is closely aligned to the Trustees' responsible investment beliefs and so integrates ESG considerations. In deciding the types of assets to include the Trustees consider investment returns net of charges.

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).

Members' retirement savings are held by the Trustees within two investment-linked insurance policies provided by Scottish Equitable plc (trading as Aegon). This provides Members with access to a range of investment funds.

4. Policy on the investment in illiquid assets

The Trustees recognise that adding exposure to certain specialist asset classes (for example, illiquid assets) within a default fund has potential to improve member outcomes and enhance risk adjusted returns over the medium to long term. However, this potential must be considered within the context of other factors (such as cost and complexity) to protect Member outcomes.

The Trustees are committed to working alongside Aegon and fund manager partners, to understand how we can improve long term value through new asset classes. Further analysis is now being undertaken before committing to investment in illiquid assets. The Trustees hope to update this position within the next 12 months.

5. Investment risks

The Scheme is a 'defined contribution' pension scheme – also known as a 'money purchase' scheme. Broadly, the value of a Member's retirement benefits in this type of scheme is based on the amount of money that the Member has in the Scheme at the point of taking their benefits. The Member bears the investment risk and the risk of not accumulating sufficient savings to meet their retirement needs. The amount of money saved will depend primarily on:

- how much they and/or their employer has contributed into the Scheme
- the performance of the funds in which the Member's savings are invested
- how long the Member has contributed to the Scheme
- fees deducted from a Member's investments

In designing the range of funds for the Scheme, the Trustees carefully consider the period during which Members are contributing to and growing their pension savings (known as accumulation), the period when Members are taking money out of their pension savings (known as decumulation) and financially material risks.

A financially material risk is one which could have a significant effect (positive or negative) on Members' retirement savings over the period a particular investment fund is used by Members and can include ESG risks such as (but not limited to) climate change factors. The Trustees characterise and consider such factors in terms of the sustainability of the Scheme's investments.

The key investment risks are (in alphabetical order):

Asset manager – 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.

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 asset manager skill to achieve the return benchmark and so is less dependent on asset manager discretion.

There is no guarantee that any fund within the Scheme fund range (standard and/or bespoke) will achieve its long-term objective. The Trustees monitor the funds and asset managers to seek to minimise this risk.

Credit – in accordance with the Scheme insurance policies, Aegon may invest and reinvest each investment fund into external insurance funds and other collective investment schemes, subject to regulations and the fund's investment objectives. Many of the funds are protected by Aegon in the event of default, but for some funds the Member bears the risk of default (failure to perform a contractual obligation) by a third-party insurer, external fund manager, depositary or trustee of an underlying fund or collective investment scheme. Members can find a list of funds protected by Aegon on the TargetPlan Member website. In the event of default by Aegon, the Scheme is protected by the Financial Services Compensation Scheme.

Currency – funds held by Members may invest in assets denominated in a foreign currency and so are exposed to exchange rate fluctuations that could adversely impact the value of those assets. Where appropriate, the underlying asset manager may choose to reduce this risk by hedging back a proportion of the exposure to UK Pounds (Sterling). Hedging is a financial strategy seeking to protect investment portfolios from the risk of adverse currency movements that could lead to the loss of value. Hedging can create either an obligation or option to exchange one currency for another at a set rate at a future date – this reduces the potential for a change in exchange rates to affect the return on the investment.

Diversification – 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. Funds holding a greater number of different assets 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.

Inflation – 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 in real terms. Rising inflation affects purchasing power by decreasing the number of goods or services you can purchase with your money.

Interest rate changes

- Fall in interest rates – 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 asset allocation in the 10 years prior to retirement by investing in government bonds and other fixed interest securities designed to match annuity rates.

- Rise in interest rates – there is a risk that an increase in interest rates can in turn trigger a fall in bond prices, particularly in bonds that have a longer duration to maturity. This can reduce the money available in the Scheme to fund a Member's retirement. Members closer to retirement are generally invested in a higher proportion of corporate and government bonds. This risk is partially mitigated through fixed income allocation being diversified across a mix of corporate and government bonds, some with lower durations to reduce the impact of rising interest rates.

Liquidity – 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.

Pension conversion – for Members nearing their retirement, the potential impact of poor performance is significantly increased as they have less time to make up for losses. The Aegon BlackRock LifePath target date funds automatically manage Members' savings to limit this potential risk as they near retirement, based on the Members' target retirement date.

Performance volatility – the performance of the funds will at different points go up and will also go down; referred to as 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.

The Trustees have provided a range of carefully considered choices which balance the needs of investment growth and risk. The Aegon BlackRock 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. The Aegon BlackRock LifePath target date funds automatically manage Members' savings to limit this potential risk as they near retirement, based on the Members' target retirement date.

Responsible investment

- Environment – environmental risk includes the consideration of how investments impact the physical environment, such as utilisation of natural resources and the effect of business operations on the environment. Neglecting to consider the effects of investment policies and practices on the environment as well as changes in regulation or the low-carbon transition may expose Members to higher levels of financial risk.

- Social – social risk describes an organisation's ability to fulfil its obligation and commitments towards its internal and external stakeholders. These groups include employees, customers, vendors and suppliers, the nearby community, and possibly the global community. Failing to address the changing social needs of society in and out of the workplace can result in organisational failure and increasing costs of doing business, or potential declining sales and eventually, negative returns for Members. Today there's a heightened expectation of businesses being required to step-up and meet the ever-expanding social needs of customers, employees, investors, and stakeholders.

- Governance – numerous academic studies have shown that companies with weak or declining governance typically underperform better governed business in financial terms. Governance risk includes the risks related to an organisation's ethical and legal management, the transparency and accuracy of company performance, and involvement in other initiatives important to stakeholders. Governance risk is owned by the board of directors and senior management, and cuts across many layers of an organization. At the top, the board of directors and senior management set the tone and policies that permeate the organisation. Corporate shareholders have the right to hold the company accountable for governance issues.

Transaction costs – managers of funds could trade too frequently and so increase the transaction costs paid by Members. The Trustees monitor the overall level of costs (including transaction costs which measure the cost of portfolio turnover) to ensure Members are receiving good value and assess the relative return on investments from each fund net of all costs.

6. Expected return on investments

The Trustees take into consideration the expected risk and return (net of charges and inflation) of the Scheme investment options. The Trustees are advised by their investment adviser, Isio, on these matters. However, the day-to-day selection of investments in each fund is delegated to the relevant asset manager.

Within the fund objective, each fund offered has a benchmark for performance. There is no guarantee that any fund will achieve its long-term objective or meet/exceed its benchmark.

7. Realisation of investments

The asset managers have responsibility for buying and selling investments. The Trustees are aware of the risks of illiquidity and how these risks may be mitigated. The Trustees note that asset managers may have an ability to suspend redemptions and new investments in certain circumstances, for example in commercial property funds, and these suspensions can go on for a period of time.

A fund is suspended to protect investors. When investors sell their holdings in a fund, the asset manager sells assets in the fund to raise cash. If the asset managers can't sell assets quickly enough to raise money for all the investors selling their units, trading in the fund is suspended. With property (real estate) funds, selling the underlying assets (typically commercial property) can take time – this is described as liquidity risk. If many investors wish to withdraw their investments at the same time, this can lead to a property funds being suspended. This is to give the asset manager time to sell underlying assets and return money to investors.

If a fund is suspended, the Trustees will communicate with Members and outline alternative fund options for Members to continue making contributions and taking withdrawals.

8. Financially material considerations

The Trustees have considered how financially material considerations, including ESG 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.

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.

The Trustees do not have an explicit policy for non-financial considerations; however 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.

9. Responsible investment

Responsible investment is an umbrella term and includes how an asset manager considers ESG risks and opportunities and the approach taken to stewardship including voting and engagement.

Responsible investment is often referred to as the consideration of ESG factors.

Responsible investment beliefs

The Trustees have agreed their responsible investment beliefs. These are:

Risk Management	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.
Investment Approach	ESG issues which are considered to be financially material should be integrated into the overall management of the standard default options. 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. 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 supports our climate ambition and net zero commitment.
Reporting & monitoring	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.
Voting & engagement	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.
Collaboration	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.

Engagement and stewardship

The Trustees bear the ultimate responsibility for ensuring effective governance and management of responsible investment-related risks and opportunities. This is particularly important given that the Scheme assets are managed by third-party asset managers with their own proprietary approaches and strategies, including responsible investment. Effective oversight, dialogue, and monitoring of those asset managers is therefore a key tool for the Trustees' responsible investment approach.

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 asset 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.

The Trustees expect asset 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 asset managers' stewardship policies have been followed throughout the year.

All asset managers are expected to respond to an annual responsible investment due diligence questionnaire. This helps the Trustees ensure minimum responsible investment requirements are met. This insight, and insight gathered through various member surveys, help inform topics for engagement with asset managers throughout the year.

The Trustees will not appoint asset managers who fail to integrate responsible investment principles into their overall decision-making processes. Those that the Trustees do appoint are required to report on their voting and engagement activities. The Trustees have a voting and engagement approach with asset managers. This highlights the Trustees' priority engagement themes, sets engagement principles for asset managers and outlines an 'expressions of wish' approach to voting. Through expressions of wish, the Trustees are able to set non-binding requests for key asset managers in pooled funds to vote a certain way on "most significant" votes. Factors informing the Trustee's definition of most significant votes include, but are not limited to: votes in the Scheme's largest holdings, votes aligned to the Trustee's priority engagement themes and votes which have the potential to substantially impact financial or stewardship outcomes.

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.

10. Monitoring

There is no set duration for arrangements with asset managers, they can be replaced at any time. To ensure the Scheme's asset managers comply with the Trustees' policies, the Trustees closely monitor and assess the asset managers. The Trustees believe that they have appropriate governing documentation setting clear expectations to the asset managers and regular monitoring of performance and processes sufficient to incentivise asset managers to make decisions that align with the Trustees' policies. The Trustees take action where a fund does not meet expectations – initially placing them on a watch list and agreeing a remedial plan with the asset manager. Ultimately the Trustees may replace the asset manager. When assessing an asset managers' performance, the focus is on longer-term outcomes, and the Trustees would not expect to terminate an asset managers' appointment based purely on short-term performance. However, an asset manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change to its business structure or investment team.

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. The choice of three-year rolling performance as a measure is to ensure asset managers are encouraged to focus on the medium to long-term financial and non-financial performance of the funds they manage.

Additionally, there is a fuller review annually to ensure asset 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. As part of the review, the Trustees monitor the fee income of asset managers to ensure these are in line with good industry practice and are set at levels that allow the investments to offer value for money. The review covers asset allocation, to understand diversification and includes assessment of each fund against its index where applicable. The annual review includes an assessment of the fund's value for Members.

11. Bespoke Notional Sections

A Bespoke Notional Section is where an employer makes funds available to their Members that differ from the standard Scheme offering. This can include if the employer opts for an alternative default strategy to the standard Scheme default strategy and/or provides their Members with a self-select range that differs from the standard self-select fund range.

New Bespoke Notional Sections

The Trustees recognise that some participating employers, working with their own advisers, wish to access a wider range of investment funds than are available in the AMT Fund Range or who wish to use a different default arrangement. For those employers, the Trustees will consider a Bespoke Notional Section to achieve the best outcome for Members taking account of the employer's proposals.

When a new Bespoke Notional Section is proposed, the Trustees will take written independent investment advice on the appropriateness of any proposed new funds, be they default or self-select. That advice will include an assessment of value for money to Members. The assessment will further consider whether there are existing funds in the AMT Fund Range that are comparative to those being proposed.

The Trustees will consider the investment risks and objectives identified in this SIP for each new Bespoke Notional Section.

All Bespoke Notional Sections

Investments within Bespoke Notional Sections must align with the Trustees' responsible investment beliefs and any underlying Investment Manager must comply with both the UNPRI and the Financial Reporting Council Stewardship Code.

All Bespoke Notional Section arrangements will be subject to ongoing performance review and the same standards of fund governance monitoring as the standard Scheme fund range. The Trustees require quarterly reports on how funds performed.

Bespoke Notional Sections will be reviewed formally by the Trustees every three years (or more regularly as provided for 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 any Bespoke Notional Sections remain appropriate.

More information on the Bespoke Notional Sections can be found in Appendix 2 to this SIP.

Signed on behalf of the Trustees of the Aegon Master Trust:

Position: Chair of the Aegon Master Trust Board

Name: Ian Pittaway for and on behalf of Independent Trustee Limited

Date: 23 April 2024

Appendix 1 to SIP – Standard default designs and self-select fund range

The Trustees have designed a fund range for the Scheme which they believe is appropriate and, when doing so, have taken advice from their investment adviser (Isio) and, where appropriate, input from specialists employed by the Scheme's insurer (Aegon).

The Trustees are aware that some Members may not want to make decisions about where to invest their pension savings, whilst others will want to exercise differing amounts of control. The Trustees have selected the default fund options to best meet these differing needs, as well as to cater for Members wanting to take income drawdown in retirement.

Where the Trustees have agreed to a Bespoke Notional Section, details of these arrangements are outlined in Appendix 2, and full details of these arrangements are given to the relevant Members. Appendix 2 also shows former Bespoke Notional Sections that have moved to use the standard default and AMT Fund Range, since the last update to the SIP.

Default Investment Option

The Trustees have selected 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.

Aegon BlackRock LifePath target date series

The Scheme's LifePath funds are pre-designed investment strategies that have an asset allocation based on the year that the Member expects to retire.

The Aegon BlackRock LifePath funds are designed to offer the potential for growth with a focus on managing investment risk at each stage of the journey towards retirement. This is achieved by utilising an investment strategy that gradually alters the asset allocation as Members near their target retirement date.

When the Member is younger, they are likely to have lower savings but a higher remaining earning potential, so the fund invests in riskier, growth focused asset classes. As the Member gets closer to the point at which savings are accessed, they are likely to have higher savings but a lower remaining earning potential, so the LifePath fund gradually switches into investments that aim to grow savings on a lower-risk basis. In the final 10 years prior to the Member's target retirement date, the aim is to invest in assets that are suited to the target outcome of the fund and reduce uncertainty as Members approach their retirement date. Although the actual value of the Member's pot cannot be guaranteed at any time, the asset allocation is designed to take age-appropriate risk throughout their investment journey. As the asset allocation changes, so does the risk profile of the relevant Aegon BlackRock LifePath fund (with risk, in this context, referring to the potential for a fall in value of a fund).

Aegon BlackRock LifePath fund choices

There are three LifePath versions:

- **Aegon BlackRock LifePath Flexi fund:**
  for Members planning to leave their savings invested and draw income, and/or withdraw ad-hoc amounts from their savings.
- **Aegon BlackRock LifePath Retirement fund:**
  for those planning to buy an annuity at their target retirement date.
- **Aegon BlackRock LifePath Capital fund**
  for those planning to take their savings as a one-off cash sum.

Up until 10 years prior to the member's target retirement date, monies will be invested in the same assets regardless of which of the three Aegon BlackRock LifePath strategies they are invested in. From 10 years prior to the Member's target retirement date, the asset allocation of the three funds begins to differ as they target different retirement outcomes. This is illustrated by the charts below where the horizontal axis represents the number of years until the Member's target retirement date. The percentage allocation to each type of asset is shown on the left-hand scale and Members can follow how this changes as they get closer to their target retirement date.

If a Member (or their employer on their behalf) does not make an investment choice, their pension savings will be automatically invested (defaulted) into the Aegon BlackRock LifePath Flexi fund, with a target date which most closely matches their own target retirement date.

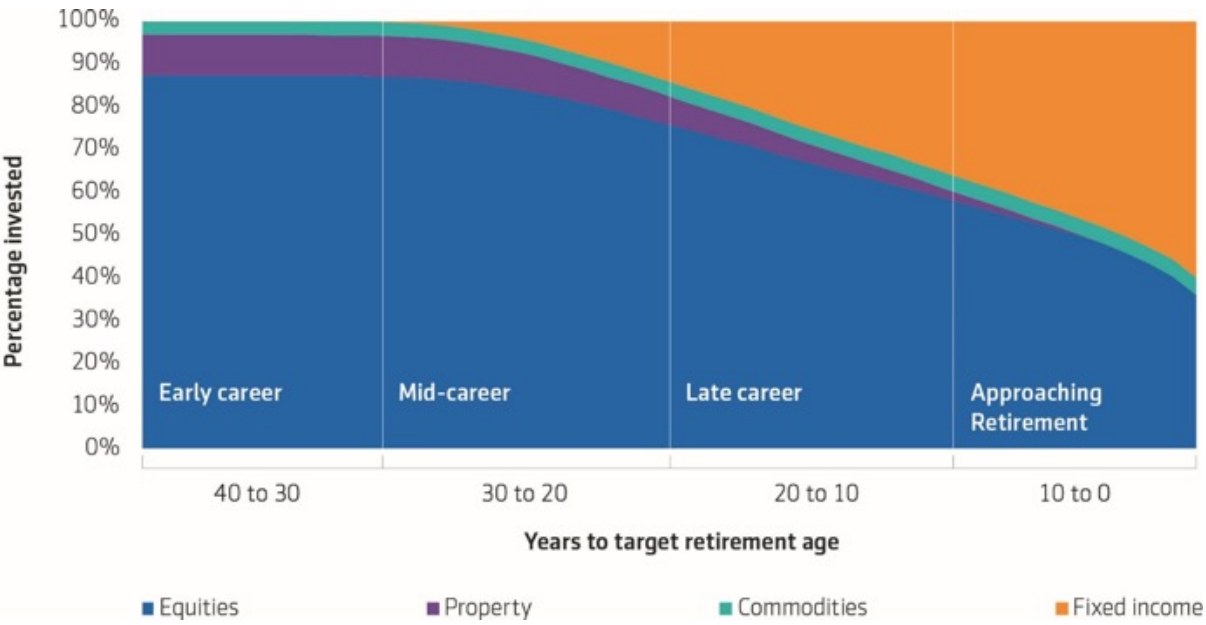
Aegon BlackRock LifePath Flexi

The Aegon BlackRock LifePath Flexi fund utilises an age-appropriate investment strategy that gradually alters the asset allocation as Members near their target retirement to approximately 40% global equities and 60% fixed income by the Member's target retirement date.

When the fund reaches its target date, Members will be invested directly in an undated Aegon BlackRock LifePath Flexi fund which maintains the same 40%/60% asset allocation mix into retirement to support the flexibility for members to leave their savings invested and draw income, and/or withdraw ad-hoc one-off amounts from their savings.

At the point of retirement (far right in the chart below) Aegon BlackRock LifePath Flexi is designed for Members who wish to stay invested post-retirement and draw down an income from the fund. Exchange rate movements can affect the value of investments in foreign currencies; hence the fund hedges the majority of foreign currency exposure as the fund diversifies towards its asset allocation at retirement.

Aegon BlackRock LifePath Flexi Fund

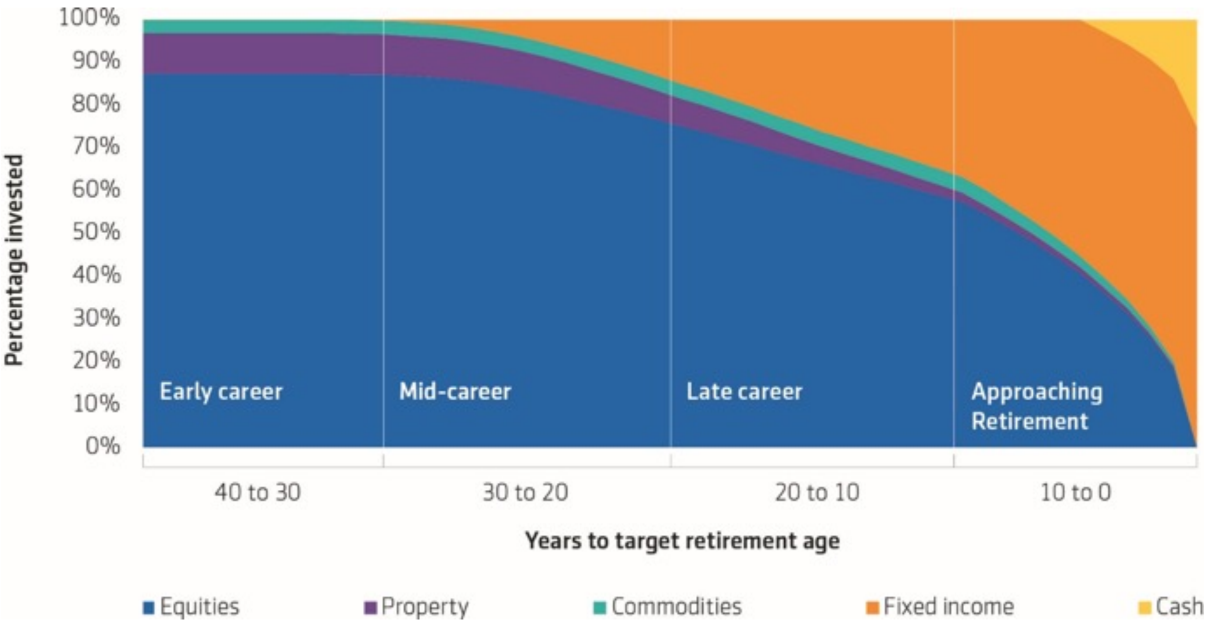


Aegon BlackRock LifePath Retirement

The Aegon BlackRock LifePath Retirement fund aims to track immediate annuity rates and is 75% invested in the BlackRock Pre-Retirement fund at the Member's target retirement date. That fund invests mainly in UK government bonds (gilts), UK corporate bonds, and other fixed income securities and aims to produce a return in excess of a benchmark designed to reflect long-term changes in annuity prices.

When each Aegon BlackRock LifePath Retirement fund reaches its target date, it will also have a 25% allocation to cash-like investments as it is anticipated that many Members selecting this option will want to take advantage of current regulations allowing individuals to withdraw up to 25% of their savings tax free.

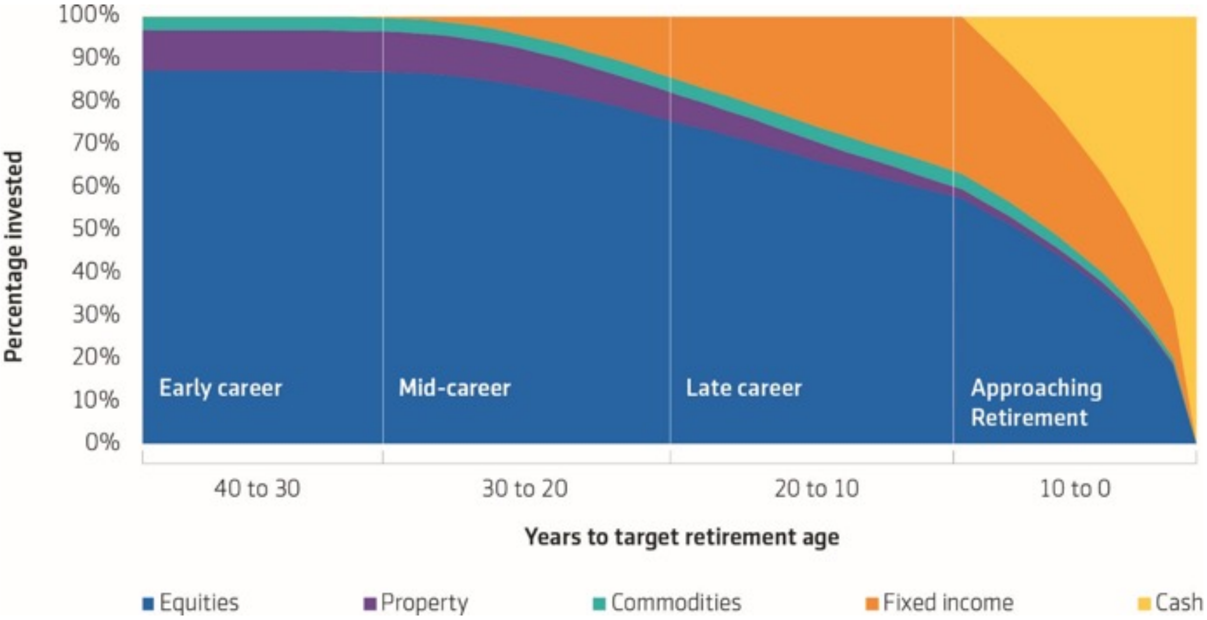
Aegon BlackRock LifePath Retirement Fund



Aegon BlackRock LifePath Capital

The LifePath Capital fund is designed to move towards cash-like investments that aim to produce a return in excess of its benchmark, principally from a portfolio of sterling-denominated cash, deposits and money-market instruments. When each LifePath Capital fund reaches its target date, Members remain invested in 100% cash-like investments.

Aegon BlackRock LifePath Capital Fund



Aegon Cash (AMT) Fund

For Members who select their own funds, there are circumstances in which the Aegon Cash (AMT) Fund (Cash Fund) temporarily becomes a Member's default fund. Such circumstances are infrequent and typically triggered by a fund being closed/suspended to new monies and withdrawals.

In this situation, Members' future contributions are re-directed to the Cash Fund. The Trustees and Aegon write to affected Members informing them of the fund closure/suspension and that contributions have been re-directed, inviting them to make an alternative fund selection.

While the Trustees do not believe the Cash Fund is suitable as a long-term pension investment given limited growth potential and exposure to inflation risk, the Trustees believe that the Cash Fund is a suitable default solution for investors in the short-term. This belief is based on, amongst other things, the following factors:

- it is a temporary solution offering a low-risk investment to give Members time to make an alternative fund selection
- the Trustees and Aegon communicate with impacted Members who can make an alternative fund selection

The AMT Fund Range

The Trustees have designed the AMT Fund Range to include passively managed and actively managed funds across the risk spectrum, covering all major asset classes. This aims to provide Members with the flexibility to construct their own investment strategies and is likely to cater for a variety of individual needs.

The fund range has been designed in line with the Trustees' responsible investment beliefs, to allow Members to select funds based on their own sustainable investing preferences and to address the risks and opportunities arising from climate change and other ESG factors. The AMT Fund Range includes funds that use exclusions to screen out investments that are particularly harmful to the environment and/or society. Typically, these screens cover the more obvious areas such as revenue from fossil fuels, but also exclude the likes of controversial weapons manufacturers, human rights violators and tobacco companies. The AMT Fund Range also includes several specialised funds, which focus more directly on sustainable investing and addressing climate issues.

Following market research conducted by Aegon, the Trustees have also considered Members' understanding of investment terminology to create a simplified and consistent naming structure across the range.

Each fund in the AMT Fund Range has fund objectives that define the manner in which they invest. The funds each utilise third party asset managers selected by the Trustees to deliver the fund objectives. If the Trustees believe there is a more appropriate underlying fund/s available to deliver to these objectives, they may replace the underlying fund/s and/or third-party asset manager.

Fund selection

The Trustees have selected the standard Aegon BlackRock LifePath strategy, the alternative Aegon BlackRock LifePath strategies, and the AMT Fund Range based on their suitability to satisfy the needs of Members within the Scheme.

Most investments used in the Aegon BlackRock LifePath strategies are passively managed, with the exception of the final 10 years of Aegon BlackRock Capital funds and Aegon BlackRock Pre-Retirement funds, which are managed actively by the relevant asset manager.

The Trustees recognise that there are additional risks and costs entailed in using actively managed funds. As a result, where a specific design objective can be met by a passively managed fund, it will be preferred to an actively managed fund. An actively managed fund would be selected in the following circumstances:

- where the relevant strategy isn't available through a passively managed fund
- where the benefits of using the actively managed fund outweigh the cost considerations
- where the actively managed fund is being used to diversify asset manager risk in actively managed blended portfolios

In regard to monitoring the funds, the Trustees receive a quarterly performance report which details information on underlying investment performance, strategy and overall risks which is considered at a relevant Trustee meeting. To aid with monitoring, the asset managers may also be invited to present in person to the Trustees on their performance, strategy and risk exposures.

Income drawdown

The Trustees have chosen to offer Aegon BlackRock LifePath Flexi funds for Members who would like to target income drawdown in their retirement. Within the AMT Fund Range there are other options available for Members to select the investments most suitable for their retirement needs, this also includes the alternative LifePath default options (LifePath Capital and LifePath Retirement).

Appendix 2 to SIP – Bespoke Notional Sections

Employer – **Sun Life of Canada 2015 Employee Pension Plan**

Investment objectives – see Section 2

Default objectives – see Appendix 1

Default arrangement(s) – After receiving advice from their investment adviser, the Sun Life of Canada 2015 Employee Pension Plan moved to using the following Aegon BlackRock LifePath strategies as default funds on 22 June 2022:

- active members transferred to Aegon BlackRock LifePath Flexi
- two members very close to retirement moved to Aegon BlackRock LifePath Retirement
- deferred members transferred to Aegon BlackRock LifePath Capital

Self-select fund range –

- Standard AMT Fund Range
- The Sun Life of Canada Fund

Employer – **SG Retirement Savings Plan**

Investment objectives – see Section 2

Default objectives – see Appendix 1

Default arrangement(s) – Aegon BlackRock LifePath Flexi

Aegon BlackRock LifePath Flexi

In addition to the default fund, it has been necessary for a blended fund – SG Property Dynamic Blend – to be created to facilitate staged redemptions from an underlying property fund. This fund was launched on 29th June 2021 and is considered to be an 'additional' default within SG Retirement Savings Plan Bespoke Notional Section.

SG Property Dynamic Blend is a blend of direct property and listed property securities.

The Fund is a temporary arrangement designed to facilitate disinvestment from the underlying Direct Property exposure, whereby the cashflows from each disinvestment will be automatically invested in Property Securities until such a time as 100% of the Fund is invested in Property Securities. At this point members will be contacted, and their money transferred to Aegon BlackRock LifePath Flexi (the Scheme default) or an alternative self-select fund if instructed by the member.

The default option complies with the charge cap.

The Trustees review the default arrangement at least every 3-years and without delay following any significant change in investment policy or demographic profile of Members from the SG Retirement Savings Plan.

The Trustees received independent advice on the suitability of this solution. The review was comfortable with the construction of the fund, and in particular the use of property securities as a short-term home for Members' assets pending the redemption of all assets in the Fund.

Self Select fund range: Selected from the Old Core Range –

- Aegon BlackRock 30/70 Currency Hedged Global Equity Index (BLK)
- Aegon BlackRock Cash (BLK)
- Aegon BlackRock Diversified Growth (BLK)
- Aegon BlackRock Emerging Markets Equity Index (BLK)
- Aegon BlackRock Market Advantage (BLK)
- Aegon BlackRock Pre-Retirement (BLK)
- Aegon BlackRock UK Equity Index (BLK)
- Aegon BlackRock World (ex-UK) Equity Index (BLK)
- Aegon HSBC Islamic Global Equity Index (BLK)
- Aegon LGIM Ethical Global Equity Index (BLK)
- Aegon Baillie Gifford Positive Change
- Aegon HSBC Developed World Sustainable Equity Index
- Aegon Ninety One Global Multi-Asset Sustainable Growth

Additional Fund choice:

- Aegon BlackRock US Equity Index (BLK)
- Aegon BlackRock European Equity Index (BLK)
- Aegon BlackRock Japanese Equity Index (BLK)
- Aegon BlackRock Pacific Rim Equity Index (BLK)
- Aegon BlackRock MSCI Currency Hedged World Index (BLK)
- Aegon BlackRock UK Special Situations (BLK)
- SG Passive Global Equity Fund
- SG Active Global Equity Fund
- SG Diversified Growth Fund
- Aegon BlackRock Absolute Return Bond (BLK)
- Aegon BlackRock Corporate Bond All-Stocks Index (BLK)
- Aegon BlackRock All Stocks UK Gilt Index (BLK)
- Aegon BlackRock Index-Linked Gilt (BLK)

Former Bespoke Notional Sections

After receiving investment advice from Isio, the following participating employers now have access to the standard Scheme fund range (Aegon BlackRock LifePath and the AMT Fund Range) only.

These notional sections are no longer considered to be Bespoke Notional Sections.

Employer	Transition completed	Summary of changes
The MacIntyre Group Pension Scheme	31st July 2023	Removal of 3 funds Retention of 3 funds Addition of 22 funds
The Anglo American UK Pension Plan	30th June 2023	Removal of 12 funds Retention of 9 funds Addition of 16 funds
Turner & Townsend Pension Plan	31st July 2023	Removal of 10 funds Retention of 2 funds Addition of 23 funds
Skanska DC2018 Plan	30th June 2023	Removal of 9 funds Retention of 6 funds Addition of 19 funds
Beales Deferred Section of the Aegon Master Trust	30th June 2023	Removal of 7 funds Retention of 6 funds Addition of 19 funds
Archant Pension Plan	30th June 2023	Removal of 34 funds Retention of 6 funds Addition of 19 funds
The Mars Pet Nutrition 2019 Pension Plan	30th June 2023	Removal of 3 funds Retention of 4 funds Addition of 21 funds
KPMG Deferred Plan	30th April 2024	Removal of 10 funds Retention of 9 funds Addition of 16 funds

Appendix 3 to SIP – standard fund range investment / performance objectives

The following tables provide information on the Aegon BlackRock LifePath strategies and the AMT Fund Range. As some funds in the AMT Fund Range are renamed versions of existing funds in the Old Core Range, these appear together in the tables below.

Default strategies	Investment objectives	Performance objective (before fees)
Aegon BlackRock LifePath Flexi fund (default)	The Aegon BlackRock LifePath Flexi fund will initially invest Members in higher growth target investments. The funds will then glide towards an asset allocation split of approximately 40% global equities and 60% fixed income by its target retirement date.	The fund aims to track the markets in which it invests. The benchmark is a composite index reflecting these markets and Aegon BlackRock LifePath Flexi's exposure to them. Like Aegon BlackRock LifePath Flexi the composite benchmark changes its asset allocation over time and will differ from the growth phase to the retirement phase.
Aegon BlackRock LifePath Retirement fund	The Aegon BlackRock LifePath Retirement Fund will initially invest Members in higher growth target investments. The Fund will glide towards a lower risk asset allocation designed to track annuity rates. It is 75% invested in the Aegon BlackRock Pre-Retirement Fund at its target retirement date, which invests mainly in UK government bonds (gilts), UK corporate bonds and other fixed income securities, aiming to produce a return in excess of a benchmark designed to reflect long-term changes in immediate annuity prices. At this point, the fund also has a 25% allocation to cash-like investments for Members taking 25% of their savings tax free.	The fund aims to initially track the markets in which it invests. The benchmark is a composite index reflecting these markets and Aegon BlackRock LifePath Retirement's exposure to them. At retirement the performance objective of the fund is to track immediate annuity rates with 75% of the fund's allocation.

Default strategies	Investment objectives	Performance objective (before fees)
Aegon BlackRock LifePath Capital fund	The LifePath Capital fund will initially invest Members in higher growth target investments. The fund is designed to glide towards cash-like investments and will invest in the Aegon BlackRock Cash Fund on reaching its target retirement date, which aims to produce a return in excess of its benchmark principally from a portfolio of sterling denominated cash, deposits and money-market instruments.	The fund aims to initially track the markets in which it invests. The benchmark is a composite index reflecting these markets and Aegon BlackRock LifePath Capital's exposure to them. At retirement the performance objective is to maintain capital value.
Aegon Cash (AMT)	The fund aims to produce a return in line with its benchmark by investing in money market instruments which may include cash, bank deposits and short-term fixed interest investments. This fund uses a set of exclusionary criteria which removes exposure to certain companies based on ESG concerns. The exclusionary thresholds and definitions are owned by a third party and subject to change.	The fund aims to produce a return in line with the SONIA Sterling Over Night Index Average.

Funds with a specific focus on sustainability built into their objective or investment process

AMT Fund Range	Investment objectives	Performance objective (before fees)
Aegon Global Climate Focus Equity (AMT)	This fund aims to achieve capital growth by investing at least 80% of the fund's assets in the shares of companies across the globe with exposure to the theme of climate change solutions. Derivatives may also be used for investment and efficient portfolio management purposes. The fund is actively managed, so returns may not replicate those of the benchmark.	The fund aims to outperform the MSCI All Country World Net Index GBP Index.
Aegon Global Short Term Sustainable Bond (AMT)	This fund invests in a range of global short-term investment grade bonds primarily with 4 years or less to maturity. The fund can also invest in high yield, callable and non-rated bonds. It uses proprietary climate transition research to identify companies that have robust, credible plans to transition towards a low carbon economy. Derivatives may also be used for investment and efficient portfolio management purposes. The fund is actively managed, so returns may not replicate those of the benchmark.	The fund aims to outperform the Sterling Over Night Index Average.

AMT Fund Range	Investment objectives	Performance objective (before fees)
Aegon Global Sustainable Government Bond (AMT)	This fund will seek to achieve its investment objective by investing at least 67% of its net assets directly or indirectly in government bonds issued across the globe. The remainder will be invested in liquid assets such as cash and cash equivalents. The asset manager aims to add value by investing in financially strong countries that contribute to the improvements in sustainability targets as defined by the United Nations (UN) Sustainable Development Goals (SDGs). Derivatives may also be used for investment and efficient portfolio management purposes. The fund is actively managed, so returns may not replicate those of the benchmark.	The fund aims to outperform the FTSE Non-GBP World Government Bond Index.
Aegon Global Sustainable Equity (AMT)	This fund aims to outperform its benchmark by at least 2% per year over rolling five-year periods. It does so by investing in the shares of between 25-50 companies across the globe the asset manager believes can deliver positive change in one of four current areas: Social Inclusion and Education, Environment and Resource Needs, Healthcare and Quality of Life; and addressing the needs of the world's poorest populations. The fund is actively managed, so returns may not replicate those of the benchmark.	The fund aims to outperform the MSCI ACWI Index by at least 2% per year over rolling five-year periods.

AMT Fund Range	Investment objectives	Performance objective (before fees)
Aegon Global Sustainable Multi-Asset Growth (AMT)	This fund aims to aims to provide capital growth (to grow the value of your investment) and income over rolling 5-year periods by investing in assets across the globe such as the shares of companies, bonds, and alternative assets. Derivatives may also be used for investment purposes. The fund focuses on investing in companies and countries the asset manager believes to have policies, operations and/or business models that aim to minimise their harmful effects on society and the environment, or whose products and/or services seek to benefit society and the environment. The fund is actively managed, so returns may not replicate those of the benchmark.	Composite Index of 60% MSCI ACWI NR GBP Hedged + 40% JPM Government Bond Index (GBI) GBP Hedged.
Aegon Global Sustainable Multi-Asset Balanced (AMT)	This fund aims to deliver returns over the long term (5 consecutive years) which exceed 3 Month SONIA Compounded in Arrears + 3.5% (before charges) by investing in assets across the globe such as the shares of companies, bonds, and alternative assets. Derivatives may also be used for investment purposes. The consideration of Environmental, Social and Governance (ESG) issues are integrated into the investment process of this fund. The fund is actively managed, so returns may not replicate those of the benchmark.	The fund targets 3.5% above 3-month LIBOR over the long term (5 consecutive years).

Funds which integrate exclusionary criteria

This means that based on certain thresholds, they will not invest in certain companies, based on ESG concerns. The following funds integrate exclusions including but not limited to controversial weapons, nuclear weapons, civilian firearms, and UN Compact violators:

AMT Fund Range	Investment objectives	Performance objective (before fees)
Aegon Global Small Cap Equity Tracker (AMT)	This fund aims to produce a return in line with its benchmark by investing in the shares of smaller companies from across the globe. Derivatives may also be used for investment and efficient portfolio management purposes. The use of derivatives is expected to be limited. This fund uses a set of exclusionary criteria which removes exposure to certain companies based on ESG concerns. The exclusionary thresholds and definitions are owned by a third party and subject to change.	The fund aims to track the MSCI World Small Cap ESG Index.
Aegon Emerging Markets Equity Tracker (AMT)	This fund aims to produce a return in line with its benchmark by investing in the shares of companies domiciled in Emerging Markets and through other transferable securities that give exposure to such companies. Derivatives may also be used for investment and efficient portfolio management purposes. This fund uses a set of exclusionary criteria which removes exposure to certain companies based on ESG concerns. The exclusionary thresholds and definitions are owned by a third party and subject to change.	The fund aims to track the Morningstar Dev Markets Asia Pacific ex-Jap ESG Enhanced UK12PM Net Index.

AMT Fund Range	Investment objectives	Performance objective (before fees)
Aegon Europe ex-UK Equity Tracker (AMT)	This fund aims to produce a return in line with its benchmark by investing in the shares of European companies excluding UK companies. Derivatives may also be used for investment and efficient portfolio management purposes. The use of derivatives is expected to be limited. This fund uses a set of exclusionary criteria which removes exposure to certain companies based on ESG concerns. The exclusionary thresholds and definitions are owned by a third party and subject to change.	The fund aims to track the FTSE All World Developed Europe ex UK Net of Tax GBP Index.
Aegon Japan Equity Tracker (AMT)	This fund aims to produce a return in line with its benchmark by investing in the shares of Japanese companies. Derivatives may also be used for investment and efficient portfolio management purposes. The use of derivatives is expected to be limited. This fund uses a set of exclusionary criteria which removes exposure to certain companies based on ESG concerns. The exclusionary thresholds and definitions are owned by a third party and subject to change.	The fund aims to track the FTSE All World Japan Net of Tax GBP

AMT Fund Range	Investment objectives	Performance objective (before fees)
Aegon Pacific ex-Japan Equity Tracker (AMT)	This fund aims to produce a return in line with its benchmark by investing in the shares of Asian (excluding Japan) companies. Derivatives may also be used for investment and efficient portfolio management purposes. The use of derivatives is expected to be limited. This fund uses a set of exclusionary criteria which removes exposure to certain companies based on ESG concerns. The exclusionary thresholds and definitions are owned by a third party and subject to change.	The fund aims to track the Morningstar Emerging Markets ESG Enhanced Index (Net) Index.
Aegon US Equity Tracker (AMT)	The fund aims to produce a return in line with its benchmark by investing in the shares of a range of US companies. Derivatives may also be used for investment and efficient portfolio management purposes. This fund uses a set of exclusionary criteria which removes exposure to certain companies based on ESG concerns. The exclusionary thresholds and definitions are owned by a third party and subject to change.	The fund aims to track the FTSE United States GBP Index.

AMT Fund Range	Investment objectives	Performance objective (before fees)
Aegon UK Corporate Bond Tracker (AMT)	This fund aims to produce a return in line with its benchmark by investing in a range fixed income securities (such as bonds) that comply with the index credit rating requirements. Derivatives may also be used for investment and efficient portfolio management purposes. This fund uses a set of exclusionary criteria which removes exposure to certain companies based on ESG concerns. The exclusionary thresholds and definitions are owned by a third party and subject to change.	The fund aims to track the iBoxx Sterling Non-Gilts Index.
Aegon Retirement Income Multi-Asset (AMT)	This fund is designed for members who wish to stay invested post-retirement and draw down an income from their Defined Contribution pot. This fund aims to produce a return in line with its benchmark by investing in predominantly fixed income assets and some equities. Exchange rate movements can affect the value of investments that are in foreign currencies and therefore the fund will use specific instruments with the aim of hedging out the majority of the foreign currency exposures. This fund uses a set of exclusionary criteria which removes exposure to certain companies based on ESG concerns. The exclusionary thresholds and definitions are owned by a third party and subject to change.	The fund aims to track 75% DC Pre-Retirement Fund Benchmark / 25% SONIA Sterling Over Night Index Average.

AMT Fund Range	Investment objectives	Performance objective (before fees)
Aegon Global Listed Infrastructure (AMT)	This fund aims to deliver a combination of capital growth and income higher than that of its benchmark over any five-year period (after charges) by investing at least 80% in shares issued by global infrastructure companies, investment trusts and real estate investment trusts. It will typically hold shares in fewer than 50 companies. Derivatives may also be used for investment and efficient portfolio management purposes. The use of derivatives is expected to be limited. The Aegon fund has higher charges than the underlying fund and will therefore be less likely to meet this target. This fund uses a set of exclusionary criteria which removes exposure to certain companies based on ESG concerns. The exclusionary thresholds and definitions are owned by a third party and subject to change.	The fund aims to outperform the MSCI All Country World Index.
Aegon Cash (AMT)	The fund aims to produce a return in line with its benchmark by investing in money market instruments which may include cash, bank deposits and short-term fixed interest investments. This fund uses a set of exclusionary criteria which removes exposure to certain companies based on ESG concerns. The exclusionary thresholds and definitions are owned by a third party and subject to change.	The fund aims to produce a return in line with the SONIA Sterling Over Night Index Average.

AMT Fund Range	Investment objectives	Performance objective (before fees)
Aegon Global Islamic Equity Tracker (AMT)	This fund aims to deliver a return in line with its benchmark by investing in the shares of companies engaged in Sharia-compliant activities across the globe. Derivatives may also be used for investment purposes. The use of derivatives is expected to be limited. This fund uses a set of exclusionary criteria which removes exposure to certain companies based on ESG concerns. The exclusionary thresholds and definitions are owned by a third party and subject to change. Please note: Although this fund invests in companies engaged in Sharia compliant activities, the Aegon Master Trust product may not meet all the requirements for Sharia compliance. For more information please view the Scheme documentation.	The fund aims to track the Dow Jones Islamic Market Titans 100 Net Total Return Index.
Aegon Developed Markets ex-UK Equity Tracker (AMT)	This fund aims to produce a return in line with its benchmark by investing in the shares of overseas companies excluding the UK. Derivatives may also be used for investment purposes. The use of derivatives is expected to be limited. This fund uses a set of exclusionary criteria which removes exposure to certain companies based on ESG concerns. The exclusionary thresholds and definitions are owned by a third party and subject to change.	The fund aims to track the FTSE All-World Developed ex-UK Index.

AMT Fund Range	Investment objectives	Performance objective (before fees)
Aegon Developed Markets Equity Tracker (AMT)	This fund aims to deliver a return in line with its benchmark by investing in the shares of companies in Developed Markets (in UK, Europe, Asia, North America). Derivatives may also be used for investment purposes. The use of derivatives is expected to be limited. This fund uses a set of exclusionary criteria which removes exposure to certain companies based on ESG concerns. The exclusionary thresholds and definitions are owned by a third party and subject to change.	The fund aims to track the performance of the FTSE Developed ESG Low Carbon Select Index.
Aegon UK Equity Tracker (AMT)	This fund aims to produce a return in line with its benchmark by investing in the shares of UK companies. Derivatives may also be used for investment purposes. The use of derivatives is expected to be limited. This fund uses a set of exclusionary criteria which removes exposure to certain companies based on ESG concerns. The exclusionary thresholds and definitions are owned by a third party and subject to change.	The fund aims to track the FTSE All Share Index.

Funds which integrate ESG considerations within their overall investment process

AMT Fund Range	Investment objectives	Performance objective (before fees)
Aegon Global Absolute Return Bond (AMT)	This fund invests in global debt instruments, ranging from AAA rated government bonds through to high yield and emerging market bonds and aims to generate positive absolute returns over a rolling three-year period. Derivatives may also be used for investment and efficient portfolio management purposes. The consideration of ESG issues is integrated into the investment process of this fund.	The fund aims to outperform the Sterling Over Night Index Average.
Aegon Global Strategic Bond (AMT)	This fund aims to deliver a positive return of 4% above the Overnight SONIA rate before charges over a 5-year rolling period by investing in bonds issued by companies with credit ratings typically BBB or lower. The consideration of ESG issues is integrated into the investment process of this fund.	The fund aims to outperform the Sterling Over Night Index Average +4% over a 5-year rolling period.
Aegon UK Property (AMT)	The fund aims to provide a return in-line with its benchmark by investing in a portfolio of balanced open-ended UK property funds. The fund is actively managed, so returns may not replicate those of the benchmark. The consideration of ESG issues is integrated into the investment process of this fund.	The fund aims to outperform the IPD All Balanced Property Funds Index.

AMT Fund Range	Investment objectives	Performance objective (before fees)
Aegon UK Index-Linked Government Bond Tracker (AMT)	This fund aims to produce a return in line with its benchmark by investing in UK index-linked government bonds that have a maturity period of 5 years or longer.	The fund aims to track the FTSE Actuaries UK Index-Linked Gilts over 5 Years Index.
Aegon UK Government Bond Tracker (AMT)	This fund aims to produce a return in line with its benchmark by investing in UK government bonds that have a maturity period of 15 years or longer.	The fund aims to track the FTSE Actuaries UK Conventional Gilts over 15 Years Index.

Appendix 4
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 2023 to 31 March 2024 (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.

The SIP has been updated twice in the Scheme year, in May 2023 and in September 2023.

The May update covered the early implementation of updates to the AMT Fund Range, and to reflect the implementation of the previously reported changes to Bespoke Notional Sections. In line with the Trustees' responsible investment beliefs the changes to the fund range strengthened the focus on the risks and opportunities arising from climate change and other ESG factors, so Members can select funds based on their own sustainable investing preferences. The Trustees also considered Members' understanding of investment terminology to create a simplified and consistent naming structure across the range. The revised SIP additionally included updated Trustees' responsible investment beliefs.

The September update reflected the progress of implementation for the changes to the AMT Fund Range at a point roll out had reached more than 50% of Members.

All comments on suitability of investments, and the Implementation Statement are made with reference to the two applicable SIPs during the Scheme year (the SIP adopted by the Trustees in May 2023 and the revised version adopted in September 2023).

The SIP was further updated beyond the Scheme year in April 2024.

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 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 117

- The AMT Responsible Investment Policy (updated in Q1 2024 and will be publicly available in Q4 2024)
- 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 142
  - Responsible investment asset manager monitoring, page 144
  - Trustee assessment of BlackRock as principal asset manager, page 146
  - Summary of engagement activity by asset managers, page 149
  - Broader considerations related to stewardship, page 158
- Whether voting by asset managers on the Trustees' behalf, during the Scheme year, reflected the Trustees' investment beliefs and policies.
- This includes alignment to the Trustees' 'expression of wish' (EOW) approach, which enables the Trustees to articulate their voting preferences clearly while continuing to benefit from asset managers' engagement and voting processes. The Trustees form voting preferences on the most significant votes and share their preferences with key managers before the company AGMs to input into managers' votes. Trustees' vote preferences are informed by the AMT Responsible Investment Policy, understanding of engagement progress with the relevant companies via key asset managers, as well as independent analysis of the merit of relevant resolutions. Trustees monitor alignment between the key managers' votes and their preferences closely – engaging or escalating with managers if there are discrepancies, to maximise influence over the way in which votes have been cast.
- The Trustees have also reviewed voting records for all funds offered by the Scheme, where the asset manager was eligible to vote, to assess general voting behaviours.
- Monitoring of asset manager voting behaviour, page 145.
- Summary of voting behaviour and most significant votes through Expression of Wish page 155.
- Appendix – Voting record for all funds, where asset manager eligible to vote page 159.

Implementation Statement

This statement confirms that, in the opinion of the Trustees, the Scheme has followed the investment policies set out in the applicable SIPs 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 that the responsible investment activities undertaken on the Trustees' behalf are broadly in line with SIP. However, there could be more alignment on asset manager voting on behalf of trustees. The Trustees have engaged with one of the Scheme's asset managers to understand further reasoning on their voting decisions and to increase their alignment with the Trustees' beliefs. This will be a continuing key focus of engagement by the Trustees.

Signed

Ian Pittaway, for and on behalf of

Independent Trustee Limited, Chair of Trustees

Date: 19 September 2024

Key policies in the Statement of Investment Principles

The Trustees have established an AMT Investment Sub-Committee (ISC) to ensure the key topic of investments within the Scheme receives regular, focused oversight. The ISC 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 ISC and the ISC will recommend any changes to the SIP to the full Trustee Board.

The following table lists key policies set out in the September 2023 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
Choosing investments The Trustees believe that good investment governance can deliver better outcomes for Members. Having a set of clearly defined investment beliefs is part of this. Investment beliefs are guiding principles which inform the investment strategy, the design of the default arrangements and the number and type of other investment options that the Trustees make available to Members. The Trustees' investment beliefs: **i.** Default arrangements should reduce Members' exposure to investment risk through their lifetime, as well as reflect their likely benefit choices. **ii.** 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. **iii.** Other self-select investment options should be offered to meet the differing risk and goal preferences of Members. **iv.** As long-term investors the fund range should incorporate a sustainable investing framework. Investment objectives 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.	The Trustees have overall accountability for ensuring that the funds available to Members are appropriately selected and governed. As Independent Investment Advisers to the Trustees, Isio assess the suitability of any funds made available to Members through the Aegon Master Trust. Aegon has an obligation to undertake fund governance and oversight on behalf of the Trustees, to ensure all fund options available operate in line with their objectives. Quarterly Management Information (MI) packs, detailing information on underlying investment performance, strategy and overall risks, were considered at relevant ISC and Trustee meetings, with attendance by 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 the Trustees' brief for clear and consistent MI and to incorporate new regulatory requirements. During the Scheme year the 'dashboard' for the data the Trustees receive has been under close focus, Isio has helped in this development. The Trustees believe the resulting structure of the summary and the system used for rating funds have further improved the reports, and both help identify where further investigation is required. The ISC has met regularly throughout Scheme year to consider, oversee and where required, approve on behalf of the Trustee Board, matters relating to the management of investment performance of the Scheme's investments. The ISC's role includes considering any requests for new funds, including defaults, by existing or potential Participating Employers, and overseeing the Scheme's Bespoke Notional Sections. The ISC reports at each of the full Trustee Board meetings.

Policy	Commentary
Choosing investments (continued) Investment objectives (continued) 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 with the intention to best meet these diverse needs, as well as to cater for Members wanting to take income drawdown in retirement. The Trustees are also aware that some participating employers wish to agree a different range of investment fund options and/or a different default fund for their employees. Where that is the case, the Trustees and the participating employer in question take appropriate investment advice to create a bespoke arrangement for such employees.	The ISC receives an annual assessment of transaction costs including a 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 ISC 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. Management Information (MI) on environmental, social and governance (ESG) integration in default funds is discussed at each ISC meeting with agreement now in place that Aegon should provide an ESG rating assessment of each fund available to AMT Members as part of the quarterly reporting cycle. During the Scheme year the SIP has been updated twice, in May 2023 and in September 2023. The May update covered the early implementation of updates to the AMT Fund Range. The AMT Fund Range underwent a significant review introducing 16 new funds to the range and withdrawing the availability of 8 funds. All selected and retained funds were compliant with the investment beliefs and responsible investment beliefs of the Trustees. The implementation of the new AMT Fund Range has been overseen by the Trustees throughout the Scheme year, with a wrap up paper summarising the implementation produced by Aegon and presented to the ISC. The Trustees concluded that the overall design features of the range had been validated through Member selection of the funds and market feedback. It was agreed that whilst the range currently meets the needs of Members, a further review should take place in the next Scheme year to ensure the range remains in line with Member and market expectations. This review will take place in Q4 2024.

Policy	Commentary
	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 Nominated Retirement Date (NRD). This is reviewed and considered as part of the performance updates and discussions with Isio, Aegon, and where necessary, BlackRock. Following the Aegon BlackRock LifePath funds' performance in 2022 the ISC requested that BlackRock attend regular meetings to update the Trustees on the changes to the funds asset allocation and foreign currency hedging, and to provide updates on the implementation of those changes. The ISC has had discussions directly with BlackRock across the Scheme year to oversee the changes taking place to the funds asset allocation and discuss the funds recovery from the challenges experienced in 2022. The ISC has undertaken a review of Isio, the Scheme's investment adviser, against the objectives set for the adviser, and have reviewed the objectives. The Bespoke Notional Sections have been reviewed as per the required schedule and the ISC notes the majority of the needs previously identified as requiring a bespoke approach are now catered for within the AMT Fund range. The remaining bespoke requirements has been considered by the ISC as largely a matter of preference rather than the standard AMT offering not catering to the needs of its Participating Employers.

Policy	Commentary
Balance of different kinds of investments 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. 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. The fund range is closely aligned to the Trustees' responsible investment beliefs and integrates ESG considerations. The Trustees consider investment returns net of charges when deciding the types of assets to include. 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). Members' retirement savings are held by the Trustees within two investment-linked insurance policies provided by Scottish Equitable plc (trading as Aegon). This provides Members with access to a range of investment funds.	As mentioned, during the Scheme year the SIP has been updated twice, in May 2023 and in September 2023. The May update covered the early implementation of updates to the AMT Fund Range, in line with the Trustees' responsible investment beliefs. The changes to the fund range strengthened the focus on the risks and opportunities arising from climate change and other ESG factors. The launch of the new AMT Fund range in this Scheme year reflects a thorough analysis of the needs of Members, Employers and their advisers against the Trustees agreed investment beliefs. Following approval of the plans to renew the funds available to Members through the AMT Fund range, the ISC has monitored how this has been implemented. The new fund range has been implemented fully in the Scheme year. Throughout Scheme year Trustees have received quarterly fund reviews and had the opportunity to discuss these with the Aegon Investment team and Isio at ISC and Trustee meetings. Additional ad hoc reviews were requested, as required. During the Scheme year the Trustees have had training on illiquid assets and private markets to ensure their knowledge is fully up to date for different investment assets. This has led to on-going discussion on how these assets might be brought into a default fund option, and the likely Member demand for this.

Policy	Commentary
Investment risks The Scheme is a defined contribution (DC) pension scheme – also known as a 'money purchase' scheme. Broadly, the value of a Member's retirement benefits in this type of scheme is based on the amount of money that the Member has in the Scheme at the point of taking their benefits. The Member bears the investment risk and the risk of not accumulating sufficient savings to meet their retirement needs. The amount of money saved will depend primarily on: • how much they and/or their employer have contributed into the Scheme; • the performance of the funds in which the Member's savings are invested; • how long the Member has contributed to the Scheme; and • fees deducted from a Member's investments. In designing the range of funds for the Scheme, the Trustees carefully consider the period during which Members are contributing to and growing their pension savings (known as accumulation), the period when Members are taking money out of their pension savings (known as decumulation) and financially material risks. A financially material risk is one which could have a significant effect (positive or negative) on Members' retirement savings over the period a particular investment fund is used by Members and can include ESG risks such as (but not limited to) climate change factors. The Trustees characterise and consider such factors in terms of the sustainability of the Scheme's investments.	Investment risks are broken down further below with actions over the Scheme year provided, where relevant.

Policy	Commentary
The key investment risks are (in alphabetical order):	
Asset manager – 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. 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 asset manager skill to achieve the return benchmark and so is less dependent on asset manager discretion. There is no guarantee that any fund within the Scheme fund range (standard and/or bespoke) will achieve its long-term objective. The Trustees monitor the funds and asset managers to seek to minimise this risk.	All funds available to AMT Members are managed by asset managers that meet due diligence criteria and the minimum expectations of the Trustees in relation to responsible investment. The Trustees select default funds which use passive vehicles, an approach that the Trustees believe reduces risk in the fund overall. All funds available to Members through the default fund arrangements, the AMT Fund Range or Bespoke Notional Section arrangements are robustly governed, with investment returns and risk assessed at least quarterly. Aegon presented its governance process to the ISC who considered the resources, process and reporting. Actions (including the potential closure of a fund) are taken where funds persistently under-perform its benchmark.
Credit – in accordance with the Scheme insurance policies, Aegon may invest and reinvest each investment fund into external insurance funds and other collective investment schemes, subject to regulations and the fund's investment objectives. Many of the funds are protected by Aegon in the event of default, but for some funds the Member bears the risk of default (failure to perform a contractual obligation) by a third-party insurer, external fund manager, depositary or trustee of an underlying fund or collective investment scheme. Members can find a list of funds protected by Aegon on the TargetPlan Member website. In the event of default by Aegon, the Scheme is protected by the Financial Services Compensation Scheme (FSCS).	The Trustees ensure that Members have visibility of the protections in place so that informed decisions can be taken if selecting alternative funds.

Policy	Commentary
Currency – Funds held by Members may invest in assets denominated in a foreign currency and so are exposed to exchange rate fluctuations that could adversely impact the value of those assets. Where appropriate, the underlying asset manager may choose to reduce this risk by hedging back a proportion of the exposure to UK Pounds (Sterling). Hedging is a financial strategy seeking to protect investment portfolios from the risk of adverse currency movements that could lead to the loss of value. Hedging can create either an obligation or option to exchange one currency for another at a set rate at a future date – this reduces the potential for a change in exchange rates to affect the return on the investment.	BlackRock manages currency risk in the default funds. The ISC discussed currency hedging with BlackRock through 2022 and 2023. BlackRock reduced its target hedging level for Members throughout their investment journey, allowing for more currency risk to be taken overall. The changes to the currency hedging targets were implemented between June 2023 and December 2023. Currency hedging is not a requirement for the AMT Fund range, unless the specific fund hedges its currency exposure.
Diversification – 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. Funds holding a greater number of different assets 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.	All default fund options are well diversified across asset classes, geographies, and industry sectors. Diversification across asset classes increases as Members approach their Target Retirement Date. The AMT Fund range offers options across every major asset class, with a mix of active and passive management options and varying levels of sustainability integration. The Trustees also took the decision to offer regional equity funds, to allow Members who are making their own investment decisions to build their own geographical split. The Trustees have received additional training in illiquid assets and private equity and are assessing how these might be introduced in to default fund options in the future as a potential diversifying asset class.

Policy	Commentary
Inflation – 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 in real terms. Rising inflation affects purchasing power by decreasing the number of goods or services you can purchase with your money.	The Aegon BlackRock LifePath fund in its Early Days stage is designed to use 100% equity, or equity-like asset classes, taking more risk when a Member is further from their Target Retirement Date. When a Member reaches their NRD, the fund maintains around 40% exposure to Equities to continue growing their savings through retirement. The view is that with this approach, Members should achieve returns over the long-term which are above inflation. As part of the changes made to the LifePath funds in the Scheme year, BlackRock has reviewed the fund's exposure to inflation-sensitive asset classes with the view that inflation is likely to stay higher for longer. As part of this review, exposure to asset classes such as commodities were reduced to better position the portfolio for a higher inflationary environment. The Trustees reviewed the changes and agreed with the rationale for them being made.

Policy	Commentary
Interest rate changes • Fall in interest rates - 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 asset allocation in the 10 years prior to retirement by investing in government bonds and other fixed interest securities designed to match annuity rates. • Rise in interest rates - there is a risk that an increase in interest rates can in turn trigger a fall in bond prices, particularly in bonds that have a longer duration to maturity. This can reduce the money available in the Scheme to fund a Member's retirement. Members closer to retirement are generally invested in a higher proportion of corporate and government bonds. This risk is partially mitigated through fixed income allocation being diversified across a mix of corporate and government bonds, some with lower durations to reduce the impact of rising interest rates.	Much of the market turmoil seen in 2022 can be attributed to the uncertainty in interest rate changes. One of the key areas of focus in BlackRock's 2023 research themes was the portfolio's allocation to asset classes that are sensitive to changes in interest rates. BlackRock identified LifePath's relatively high exposure to longer-term inflation-linked UK government bonds as a key driver for the underperformance seen in 2022, in line with both Aegon's and Isio's analysis. One of the changes implemented in line with this research was to introduce a short-term UK government bond fund. BlackRock reduced the allocation to the long-term UK government bond fund, in favour of the new short-term UK government bond fund. Members closer to or at their target retirement date have the highest exposure to these asset classes and are therefore, the most impacted by this change. Across the portfolio, Members at all ages saw a reduction in their allocation to commodities, an asset class that BlackRock does not believe adds as much value in periods of expected high inflation. BlackRock also introduced a short UK government bond fund which has acted as a vehicle to reduce the overall duration of the fixed income allocation within the Aegon BlackRock LifePath funds. The Trustees, and their Independent Investment Adviser, Isio, were supportive that the changes outlined above would position the portfolio better in a market environment where there is more uncertainty in interest rates.

Policy	Commentary
Liquidity – some investments such as property or shares in private companies (equities) cannot easily or quickly be sold or exchanged for cash, 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.	The Trustees make funds available which invest in generally liquid underlying investments which means they can be sold quickly. The Trustees make funds available which primarily invest in passive funds tracking their respective index, with weighting bias in large liquid stocks. In the review of the AMT Fund range the Trustees examined the property fund to ensure it was suited to the Members and have looked for a property fund structure that that has more mitigation of liquidity risk in its strategy. The old Aegon Property fund was replaced as part of the implementation of the new AMT Fund Range. All Members within the standard AMT Fund Range now have access to the new Aegon UK Property Fund (AMT) as of October 2023. In the Scheme year the Trustees received and considered a paper from Aegon on the security and liquidity of all Scheme assets. The Trustees provided a Member facing version of this document on the Scheme website. The Guide explains the protections that apply in the event of a default for the Trustees who hold a 'defined contribution investment only policy' or a 'defined contribution (DC) integrated service policy'. It also sets out the levels of cover that are available through the FSCS. There are some additional protections which apply under the Part VII transfer, and these are explained. All funds are priced and dealt daily and generally highly liquid. The guide is reviewed and updated annually. During the Scheme year the Trustees discussed a policy on illiquid assets. This was added to the Statement of Investment Principles in the update of April 2024, outside of the Scheme year. The Trustees receive MI on the liquidity of funds as part of the quarterly data pack to allow for close monitoring of this risk.

Policy	Commentary
Pension conversion – for Members nearing their retirement, the potential impact of poor performance is significantly increased as they have less time to make up for losses. The Aegon BlackRock LifePath target date funds automatically manage Members' savings to limit this potential risk as they near retirement, based on the Members' target retirement date.	Members approaching or at their Target Retirement Date need more stability in their investment returns. Due to this need, they will be invested in more fixed income asset classes, which due to the negative correlation in returns usually experienced with equities, increases the diversification in their portfolio. However, 2022 was an exceptional year in that both asset classes experienced negative returns and Members therefore did not benefit from the diversification of their investments across these asset classes. Whilst this Scheme year saw increased returns across almost every asset class, especially Developed Market equities, Members closer to or at their NRD are not as exposed to this asset class and therefore Members wishing to access their savings following the decline in market returns, may not have experienced a full recovery in the losses they experienced. There have since been changes made in the Aegon BlackRock LifePath funds asset allocation focused on reducing the range of outcomes a Member should expect to experience at, or close to their NRD. Simulated tests of those changes indicate that the value of pension pots is better protected following those changes, should an event such as the one in 2022 be repeated.

Policy	Commentary
Performance volatility – the performance of the funds will at different points go up and will also go down; referred to as 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. The Trustees have provided a range of carefully considered choices which balance the needs of investment growth and risk. The Aegon BlackRock 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. The Aegon BlackRock LifePath target date funds automatically manage Members' savings to limit this potential risk as they near retirement, based on the Members' NRD.	As outlined above, Members approaching or at their NRD need more stability in their investment returns. Due to this need, they will be invested in more fixed income asset classes which due to the negative correlation in returns usually experienced with equities, increases the diversification in their portfolio. The changes outlined above have been made with the view that they will reduce the overall volatility experienced for Members approaching or at their NRD.

Policy	Commentary
Responsible investment • **Environment** - Environmental risk includes the consideration of how investments impact the physical environment, such as the use of natural resources and the effect of business operations on the environment. Neglecting to consider the effects of investment policies and practices on the environment as well as changes in regulation or the low-carbon transition may expose Members to higher levels of financial risk. • **Social** - Social risk describes an organisation's ability to fulfil its obligation and commitments towards its internal and external stakeholders. These groups include employees, customers, vendors and suppliers, the nearby community, and possibly the global community. Failing to address the changing social needs of society in and out of the workplace can result in organisational failure and increasing costs of doing business, or potential declining sales and eventually, negative returns for Members. Today there's a heightened expectation of businesses being required to step-up and meet the ever-expanding social needs of customers, employees, investors, and all stakeholders. • **Governance** - Numerous academic studies have shown that companies with weak or declining governance typically underperform better governed businesses in financial terms. Governance risk includes the risks related to an organisation's ethical and legal management, the transparency and accuracy of company performance, and involvement in other initiatives important to stakeholders. Governance risk is owned by the board of directors and senior management, and cuts across many layers of an organization. At the top, the board of directors and senior management set the tone and policies that permeate the organisation. Corporate shareholders have the right to hold the company accountable for governance issues.	The Trustees have documented their responsible investment beliefs which are publicly available within the SIP. ESG considerations are believed to be financially material in their nature, therefore a breakdown of how they are considered is included in the financially material considerations section of this table.

Policy	Commentary
Transaction costs – Managers of funds could trade too frequently and so increase the transaction costs paid by Members. The Trustees monitor the overall level of costs (including transaction costs which measure the cost of portfolio turnover) to ensure Members are receiving good value and assess the relative return on investments from each fund net of all costs.	The annual review of transaction costs to ensure that each fund delivers value for money after all costs was presented to the AMT Investment Sub Committee in May. The Trustees noted that seven funds had flagged as red due to high transaction costs and requested further information from the fund manager. Follow up from fund managers noted that the causes for the high costs were due to a mixture of volatility in the relevant asset class and elevated levels of trading compared to other funds.

Policy	Commentary
Expected return on investments The Trustees take into consideration the expected risk and return (net of charges and inflation) of the Scheme investment options. The Trustees are advised by their investment adviser, Isio, on these matters. However, the day-to-day selection of investments in each fund is delegated to the relevant asset manager. Within the fund objective, each fund offered has a benchmark for performance. There is no guarantee that any fund will achieve its long-term objective or meet/exceed its benchmark.	As mentioned above, risk and return are reported on in the Quarterly MI packs, and the ISC discuss the performance against the benchmark and similar funds in the market alongside the risk level of the fund. Whilst the reporting covers short-term performance, the Trustees focus on the fund's ability to deliver returns over the longer term. The Trustees were pleased to note the recovery in performance of the Aegon BlackRock LifePath funds, in particular for Members invested in the Early Days Stage who benefitted from a high allocation to Developed Market equities which delivered positive returns through the Scheme year. The Trustees are monitoring the impact of the changes made to the asset allocation of the Aegon BlackRock LifePath funds which were focused on the allocation of Members closer to or at their Target Retirement Date. The changes were implemented by the end of 2023 and are expected to reduce the severity of losses a Member might experience in times of significant market volatility. During the Scheme year, there have been funds within the AMT Fund Range that have delivered performance under the benchmark. Where this has been the case, the Trustees have requested further analysis to understand whether the underperformance is due to market cycles or can be attributed to a more systemic issue. In some instances, the asset manager has been engaged by Aegon on behalf of the Trustees to provide more information on the underperformance and assurances as to the funds ability to deliver returns in line with the Member expectations. One of the benefits of the AMT Fund Range review, is the Trustees have more flexibility in being able to change the underlying fund if it the Trustees believe it is no longer delivering to the 'white label' fund objective.

Policy	Commentary
Realisation of investments The asset managers have responsibility for buying and selling investments. The Trustees are aware of the risks of illiquidity and how these risks may be mitigated. The Trustees note that asset managers may have an ability to suspend redemptions and new investments in certain circumstances, for example in commercial property funds, and these suspensions can go on for a period of time. A fund is suspended to protect investors. When investors sell their holdings in a fund, the asset manager sells assets in the fund to raise cash. If the asset managers can't sell assets quickly enough to raise money for all the investors selling their units, trading in the fund is suspended. With property (real estate) funds, selling the underlying assets (typically commercial property) can take time – this is described as liquidity risk. If many investors wish to withdraw their investments at the same time, this can lead to a property funds being suspended. This is to give the asset manager time to sell underlying assets and return money to investors. If a fund is suspended, the Trustees will communicate with Members and outline alternative fund options for Members to continue making contributions and taking withdrawals.	The SG Retirement Savings Plan, has one fund, the SG dynamic property blend, created to facilitate staged redemptions from an underlying property fund. This fund was launched on 29th June 2021 and is considered to be an 'additional' default within The SG Retirement Savings Plan's Bespoke Notional Section. This fund will close once all redemptions from the underlying property fund have been received following its suspension. Full details of this fund can be found in the SIP.

Policy	Commentary
Financially material considerations The Trustees have considered how financially material considerations, including ESG 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. 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.	Financially material considerations are reported on in the Quarterly MI packs, and the ISC discuss the implications and underlying trends each quarter. The new AMT fund range has been designed to create a wider selection of funds available to members that consider ESG factors in their investment process to varying levels across a low, medium, and high-risk spectrum. 23 of the 25 funds in the range integrate ESG to some extent through having a sustainable focus, using exclusions or having ESG integration within the investment process. Members are therefore able to select investments based on their risk and sustainability preferences. BlackRock integrate ESG considerations into the investment approach for LifePath. 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. BlackRock provide enhanced ESG metrics reporting on the Lifepath on a quarterly basis. The activities and other elements described in the responsible investment 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). The Trustees have a Responsible Investment Policy in place outlining expectations of managers on key areas of responsible investment practices, including engagement and voting in line with Trustees' priorities of climate change, nature, diversity and inclusion, and human rights. The Responsible Investment Policy also outlines Trustees' approach to influence voting on significant votes, through the 'expression of wish' (EOW) approach.

Policy	Commentary
	Other areas covered by the Responsible Investment Policy include reporting on engagement outcomes and collaborative engagement activities. The Trustees monitor alignment of managers against the Responsible Investment Policy on a periodic basis with a view to engaging with, and via, Aegon in the event that any instances are identified where minimum expected levels of stewardship are not being met. This also includes instances where managers are not aligned with the Trustees' voting preferences through the EOW approach. More information on the Trustees' stewardship activities and dialogue can be found in the 'Sustainability, engagement and stewardship' section. As part of ongoing training for the Trustees, in November 2023 Aegon provided an overview of annual climate disclosures and suggested improvements; an update on nature as an emerging market and regulatory trend in addition to specific risk hotspots for the Scheme; and update on annual responsible investment manager monitoring and EOW results. In December 2023 Aegon provided an overview of work underway in developing a refreshed Aegon strategy and approach on diversity and inclusion. In Q1 2024, the trustees reviewed and made enhancements to their Responsible Investment Policy to reflect changing market demands and better meet customer needs. Key updates include; • Provision of more options for managers to demonstrate alignment with AMT's net-zero commitment, such as a manager being able to link climate research and/or voting and engagement activities to portfolio construction, instead of having a public corporate commitment to net zero by 2050, which was previously the only climate-related minimum expectation of managers. • Addition of nature as a standalone key engagement theme in recognition of nature as an emerging focus by the market and Scheme members.

Policy	Commentary
	• Further clarity on engagement-related expectations of managers on priority themes; collaborative engagements; reporting; and fixed income assets. • Adoption of voting guidelines policy to allow the Trustees to set a more robust expression of wish for voting across engagement themes. In February 2024, the Trustees approved a new climate objective for the Scheme's investment advisers, Isio, to align with Task Force on Climate-Related Financial Disclosures (TCFD) reporting best practice. This climate objective includes helping the Trustees implement their 2050 net-zero target and associated interim targets, assisting the Trustees by sharing best practice and thought leadership on climate topics, and supporting Trustees with effective investment provider and default asset manager engagement and collaboration, to ensure climate-related risks and opportunities are appropriately managed. Climate competency will be considered in relation to the Investment Consultants Sustainability Working Group (ICSWG) positive and best practice indicators for investment consultants.
Non-financial 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 although they are not bound to implement those views.	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. The Trustees have considered member views related to ESG and considerations on investments through surveys conducted by Aegon. For example, it was found that over half of Aegon customers have concerns about threats to biodiversity and deforestation. The Trustees have used this research with Members to inform the development of nature as a standalone engagement priority theme.

Policy	Commentary
Responsible investment Responsible investment is an umbrella term and includes how an asset manager considers ESG risks and opportunities and the approach taken to stewardship including voting and engagement. Responsible investment is often referred to as the consideration of ESG factors. **Responsible Investment Beliefs** The Trustees have agreed their responsible investment beliefs. **Engagement and stewardship** The Trustees bear the ultimate responsibility for ensuring effective governance and management of responsible investment-related risks and opportunities. This is particularly important given that the Scheme assets are managed by third-party asset managers with their own proprietary approaches and strategies, including responsible investment. Effective oversight, dialogue, and monitoring of those asset managers is therefore a key tool for the Trustees' responsible investment approach. 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 asset managers to regularly review and assess the effectiveness of their own stewardship policies. Where improvements have been made, the Trustees require that these are disclosed. The Trustees expect asset 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 asset managers' stewardship policies have been followed throughout the year.	See section below on page 100

Policy	Commentary
Responsible investment (continued) All asset managers are expected to respond to an annual responsible investment due diligence questionnaire. This helps the Trustees ensure minimum responsible investment requirements are met. This insight, and insight gathered through various Member surveys, helps inform topics for engagement with asset managers throughout the year. The Trustees will not appoint asset managers who fail to integrate responsible investment principles into their overall decision-making processes. Those that the Trustees do appoint are required to report on their voting and engagement activities. The Trustees have a voting and engagement approach with asset managers. This highlights the Trustees' priority engagement themes, sets engagement principles for asset managers and outlines an EOW approach to voting. Through EOW, the Trustees are able to set non-binding requests for key asset managers in pooled funds to vote a certain way on "most significant" votes. Factors informing the Trustee's definition of most significant votes include but are not limited to: votes in the Scheme's largest holdings, votes aligned to the Trustee's priority engagement themes and votes which have the potential to substantially impact financial or stewardship outcomes.	

Policy	Commentary
Monitoring There is no set duration for arrangements with asset managers, they can be replaced at any time. To ensure the Scheme's asset managers comply with the Trustees' policies, the Trustees closely monitor and assess the asset managers. The Trustees believe that they have appropriate governing documentation setting clear expectations to the asset managers and regular monitoring of performance and processes sufficient to incentivise asset managers to make decisions that align with the Trustees' policies. The Trustees take action where a fund does not meet expectations – initially placing them on a watch list and agreeing a remedial plan with the asset manager. Ultimately the Trustees may replace the asset manager. When assessing an asset managers' performance, the focus is on longer-term outcomes, and the Trustees would not expect to terminate an asset managers' appointment based purely on short-term performance. However, an asset manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change to its business structure or investment team. 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. The choice of three-year rolling performance as a measure is to ensure asset managers are encouraged to focus on the medium to long-term financial and non-financial performance of the funds they manage.	Quarterly MI packs, detailing information on underlying investment performance, strategy and overall risks, were considered at relevant ISC 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 the Trustees' brief for clear and consistent MI and to incorporate new regulatory requirements. During the Scheme year the 'dashboard' for the data the Trustees receive has been under close focus, Isio has helped in this development. The Trustees believe the resulting structure of the summary and the RAG rating used have further improved the reports, and both help identify where further investigation is required. The ISC 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 ISC 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. 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. Management Information on ESG integration in default funds is discussed at each ISC meeting.

Policy	Commentary
Monitoring (continued) Additionally, there is a fuller review annually to ensure asset 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. As part of the review, the Trustees monitor the fee income of asset managers to ensure these are in line with good industry practice and are set at levels that allow the investments to offer value for money. The review covers asset allocation, to understand diversification and includes assessment of each fund against its index where applicable. The annual review includes an assessment of the fund's value for Members.	
Bespoke Notional Sections A Bespoke Notional Section is where an employer makes funds available to their Members that differ from the standard Scheme offering. This can include if the employer opts for an alternative default strategy to the standard Scheme default strategy and/or provides their Members with a self-select range that differs from the standard self-select fund range. **New Bespoke Notional Sections** The Trustees recognise that some participating employers, working with their own advisers, wish to access a wider range of investment funds than are available in the AMT Fund Range or who wish to use a different default arrangement. For those employers, the Trustees will consider a Bespoke Notional Section to achieve the best outcome for Members taking account of the employer's proposals.	All the Bespoke Notional Sections in the Scheme have been reviewed in the last 24 months, resulting in the majority of these employer schemes moving to the standard AMT Fund Range. The funds used in the remaining Bespoke Notional Sections are subject to the same level of reporting and scrutiny as the funds in the AMT Fund range and are included in the quarterly fund reporting. The Trustees receive advice from the Independent Investment Adviser, Isio, on the need for additional funds outside the AMT Fund range. Information about the Bespoke Notional Sections can be referenced in the appendix of this report alongside an indication as to whether they were rationalised into the standard AMT offering within the Scheme year.

Policy	Commentary
Bespoke Notional Sections (continued) **New Bespoke Notional Sections (continued)** When a new Bespoke Notional Section is proposed, the Trustees will take written independent investment advice on the appropriateness of any proposed new funds, be they default or self-select. That advice will include an assessment of value for money to Members. The assessment will further consider whether there are existing funds in the AMT Fund Range that are comparative to those being proposed. The Trustees will consider the investment risks and objectives identified in this SIP for each new Bespoke Notional Section. **All Bespoke Notional Sections** Investments within Bespoke Notional Sections must align with the Trustees' responsible investment beliefs and any underlying Investment Manager must comply with both the United Nations Principles for Responsible Investment (UNPRI) and the Financial Reporting Council (FRC) Stewardship Code. All Bespoke Notional Section arrangements will be subject to ongoing performance review and the same standards of fund governance monitoring as the standard Scheme fund range. The Trustees require quarterly reports on how funds performed. Bespoke Notional Sections will be reviewed formally by the Trustees every three years (or more regularly as provided for 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 any Bespoke Notional Sections remain appropriate.	

Sustainability, engagement and stewardship

Statement of Investment Principles

As at September 2023 the SIP sets out the following Responsible Business beliefs and investment policies.

Risk Management	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.
Investment Approach	ESG issues which are considered to be financially material should be integrated into the overall management of the standard default options. 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. 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.
Reporting & monitoring	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.
Voting & engagement	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.
Collaboration	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.

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 the underlying asset 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 asset 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.

The Trustees expect asset managers to be fully transparent with their stewardship responsibilities and report on these at least annually to support the Trustees in determining the extent to which their policies have been followed throughout the year. The Trustees require its asset managers to have a robust policy in place for managing conflicts of interest in relation to stewardship, which can be disclosed. For any new appointments, the Trustees will take into account any actual or potential conflicts of interest prior to the appointment.

As outlined in the Scheme's own Responsible Investment Policy, the Trustees expect managers to adhere to minimum as well as broader responsible investment expectations relevant to the Trustees' key engagement themes and focus areas. Within the Scheme year, the Trustees' key engagement themes were climate change, nature, diversity and inclusion, and human rights.

The Trustees assess asset managers' alignment in responsible investment practices, including engagement and voting, through an annual due diligence exercise. The level of manager alignment informs the Trustees' engagement with managers and investment decision-making.

The Trustees' also utilise their 'expression of wish' (EOW) voting approach as part of their annual monitoring to express their voting views and preferences on the most significant votes. As asset managers' typically have the most financially material and direct relationship with companies, the Trustees believe they can have a bigger impact on member outcomes through influencing asset managers' voting, rather than undertaking voting themselves. The Trustees share their voting preferences with the manager of the default funds (BlackRock) and other key managers before company AGMs and monitor for any areas of divergence. Further information on how the Trustees have implemented their EOW within the Scheme year can be found in the Summary of voting behaviour and most significant votes through EOW section below.

The Trustees also meet annually with the asset manager responsible for the default funds (BlackRock) to understand more on their voting practices and engagement activities, and to review how they align with, and reflect, the Trustees' own investment and stewardship engagement themes and Responsible Investment Policy.

Responsible investment asset manager monitoring

The Trustees have implemented their stewardship approach through asset manager selection, monitoring, and engagement. This includes the asset managers' voting and engagement with underlying investee companies, both directly and through their investment service provider, Aegon.

The Trustees have carried out their annual manager monitoring on responsible investment within the Scheme year, to assess adherence of asset managers against minimum responsible investment requirements, and to ensure assets have been managed in alignment with the long-term interests and time horizon of the Scheme. The Trustees consider a long-term investment time horizon, aligned with the long-term nature of Members' pension savings. The annual manager monitoring process is a key part of how the Trustees monitor and assess asset manager's responsible investing credentials, including how they are managing climate and other sustainability risks. Regular discussions with managers ensure the Trustees stay up-to-date and aligned with the asset managers' approach to sustainability related risks. For further details on how the Trustees have managed climate related risks, please see the AMT TCFD report.

The manager monitoring process involves scoring and ranking asset managers across key responsible investment categories, with scores assigned between 0-3 for each category with 3 indicating best practices. A heatmap of the scores was reviewed by the Trustees to assess the extent of asset managers aligning to their policies, to identify areas of progress and opportunity for improvement by the asset manager of the default fund, BlackRock, and to support review and calibration of the Trustees' minimum expectations on responsible investment.

The Trustees found that compared to results from the previous Scheme year (ending 31 March 2023), there was an improvement in overall average scores on responsible investment amongst asset managers (66%, up from 57% in the previous year). The trustees noted a slight increase in manager performance across categories in Responsible Investment (RI) governance, voting & engagement, and Diversity & Inclusion (D&I), which they consider reflective of fast-evolving market standards in such areas. Climate remains the biggest area for improvement by all managers, including the need for more clarity on how net zero is integrated into their voting and engagement activities and an increased understanding of considerations beyond net zero, namely biodiversity and the Just Transition. The Trustees also found that some asset managers were not able to provide reporting on engagement and voting outcomes (beyond simply reporting on their engagement activities), although some asset managers have improved reporting following engagement on this topic by Aegon.

The Trustees paid particular attention to the responsible investment performance of Blackrock as the asset manager of the default funds. BlackRock performed in line with other Scheme asset managers on certain areas such as RI governance, human rights and D&I. The Trustees noted key opportunities for improvement included climate metrics reporting and alignment of voting and engagement activity in line with the Trustees' expectations. Aegon subsequently held a number of meetings with senior management at BlackRock to discuss their plans for development in these areas, and clear improvement has since been demonstrated, with the recent inclusion of Scope 3 emissions, benchmark comparisons and sovereign emissions within BlackRock's climate metric reporting. Furthermore, BlackRock have developed their engagement outcome reporting to better illustrate their company engagement progress, and also provided credible examples on how they have voted on routine votes to signal their concerns on topics such as climate change and human rights. The Trustees are also pleased with BlackRock's decision to remain a member of Climate Action 100+ under its international arm, and to launch a new decarbonization policy, which has the potential to better align with the Trustees' views on climate voting and engagement.

The Trustees also met with BlackRock to further assess how they have acted in line with the Trustees' responsible investment beliefs and policies, and to progress on the key areas of improvement noted from the annual monitoring exercise. More detail can be found in the section "Trustee assessment of Blackrock as principal asset manager".

Monitoring of asset manager voting behaviour

As the Scheme invests in pooled funds managed by external asset managers, the Trustees do not vote or engage directly with companies the Scheme invests in. 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 assess the degree to which the voting behaviour of the Scheme's managers align with the Scheme's responsible investment beliefs and Policy. The Trustees did not use any proxy voting services in the Scheme year however the Scheme's asset managers do use proxy advisers (in most cases Institutional Shareholder Services, or ISS) and in line with their own voting policies. The Trustee's monitor the extent to which managers rely on proxy adviser recommendations within their voting decisions as part of their manager monitoring exercise. Encouragingly, managers confirmed they do not wholly rely on proxy adviser recommendations alone, rather leverage their research and recommendations to inform final voting decisions.

The Trustees have monitored voting behaviour with a broad approach to ESG integration. The Trustees have reviewed the asset managers' voting records and statistics considering all three factors of ESG and monitored voting behaviour against their stewardship engagement priorities, with particular focus on BlackRock as the Scheme's principal asset manager (detailed further below and within the appendix to this Implementation Statement).

Overall, the Trustees note that managers are exercising their votes across multiple spectrums of ESG. Climate remains the biggest area of focus by managers. Social factor consideration is an area of emerging focus in managers' voting activities. Trustees have social factors as part of their stewardship priority themes, also reflecting the recommendations released in March 2024 by the DWP Taskforce on Social Factors that Aegon helped co-chair.

The Trustees found Blackrock have voted on multiple topics of ESG with a focus on climate, as demonstrated by an example where BlackRock voted against the climate report of a company subject to one of the most significant votes deemed by the Trustees (see summary of most significant votes subject to EOW below).

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. The BlackRock team attended the Investment Sub-Committee (ISC) meeting on November 2023 to provide the annual review of the default fund.

The Trustees have assessed BlackRock's scoring from the annual manager monitoring exercise and recognise areas of alignment with the Trustees' beliefs when considering and integrating ESG factors, as demonstrated by good scoring within human rights and D&I areas.

The Trustees, along with Aegon, have engaged with Blackrock throughout the Scheme year and have assessed BlackRock as demonstrating positive progress in supporting the Trustees' stewardship priorities, including:

- Further transparency with their disclosures and reporting, for example through enhanced Lifepath climate metrics and improved company engagement outcome reporting.
- More alignment in voting and engagement activity, for example through increased support of environmental shareholder proposals over the last few years and their announcement of a new Decarbonisation voting and engagement policy which Aegon are feeding into.
- Alignment with the Trustees' net-zero ambitions, as demonstrated by Blackrock's continued membership of the Climate Action 100+ initiative through BlackRock International.

A key area of improvement includes BlackRock's alignment with the Trustees' expectations on voting, including in relation to most significant votes and the Scheme's stewardship priorities. Further information on the Trustees' engagement with BlackRock to discuss their voting preferences, an assessment of BlackRock's alignment and actions taken by the Trustees can be found below.

Annual review with BlackRock

Following the asset manager monitoring exercise and Aegon's engagement programme with Blackrock, the annual Lifepath default fund update was held in November 2023. Within this update, the Trustees noted BlackRock had undertaken positive steps to improve perceptions of Lifepath based on 2022's performance and their strong views on research-based responsible investment governance. They also noted the positive progress shown by BlackRock on areas of climate and engagement outcome reporting.

The Trustees however shared their concerns where BlackRock did not fully align with the Trustees' voting preferences on their most significant votes, through their EOW approach. Key reasons provided by BlackRock for this included their concerns that the shareholder voting proposals were too prescriptive and may have led to negative financial impacts on companies. The Trustees also noted further discussion and alignment is needed on Blackrock's current ESG metrics reporting and their ability to assess and monitor progress against Lifepath's climate targets.

The Trustees, in their opinion, felt there were opportunities for improvement in Blackrock's alignment to the Scheme's goals, public climate targets and Responsible Investment Policy. The Trustees directly requested that BlackRock work with Aegon to further progress on the net-zero 2030 and 2050 targets for Lifepath through enhanced ESG metric reporting and to support effective stewardship through meaningful and transparent engagement and voting, including better alignment with the EOW approach. Following this, the Trustees were pleased to see positive developments by BlackRock as explained above.

The Trustees will continue to monitor progress and performance, engage with BlackRock directly on their future plans, and challenge where necessary.

Compliance with the Trustees' Responsible Business beliefs	
The Trustees believe that active consideration of ESG factors will lead to improved outcomes for Members and better management of risk	The Trustees' discussions with BlackRock, and Isio's analysis of BlackRock provided to Trustees demonstrates that BlackRock broadly align with this belief. There is demonstrable evidence of increased focus and resources to turn this belief into tangible action.
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.	BlackRock has provided the Trustees with the themes and areas of focus for its ESG integration, demonstrating broad cover across ESG factors. BlackRock has set a formal emissions reduction target across BlackRock LifePath. The Trustees see BlackRock as compliant with this belief.
Investment approach	
ESG issues 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	For Aegon BlackRock LifePath the allocation to investment assets that have been screened for ESG factors is at 92% in the Early Days Stage of the fund as of 31 March 2024. LifePath has embedded responsible investment, with almost all corporate issuers now being screened on a baseline set of ESG principles and criteria. Exclusions cover tobacco, controversial weapons, UN Global Compact Violators, thermal coal, and civilian firearms. The Trustees see BlackRock as compliant with this belief.
The standard fund range should include specialist funds which invest in line with sustainable and/or responsible investment themes	There has been extensive work on the new AMT Fund Range to strengthen focus on the risks and opportunities arising from climate change and other ESG factors. The changes have been made in line with the Trustees' investment neliefs, the Trustees Responsible Business beliefs. BlackRock funds have been analysed as part of the new fund range and selected based on alignment to the Trustee's beliefs.
The Trustees will only select managers that integrate ESG factors within their overall decision making – this applies for the default fund and the AMT Fund Range.	There has been extensive analysis of the BlackRock funds for the new AMT 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 fund range.

Reporting and monitoring	
The Trustees will monitor key ESG metrics within their investment portfolio to understand the impact of their investments.	BlackRock are partially able to provide the Trustees with proof of key ESG metrics and to demonstrate continued and ongoing progress in assessing the impact of the investments and progress towards the set targets. Following the Trustee's engagement with BlackRock to encourage more comprehensive ESG reporting, improvements have been made which allow the Trustees to better support assessment of progress against climate targets. Climate metrics reporting for Lifepath has been enhanced to include forward-looking decarbonisation rates and temperature alignment metrics tied back to specific fund objectives.
Voting and engagement	
The Trustees expect asset managers to vote in accordance with the Trustees' beliefs and will monitor the outcomes of managers' voting engagement actions and activity.	BlackRock have provided details of their stewardship and voting policies and their engagement and voting activity within the Scheme year. However, when reviewing the EOW voting approach the Trustees assessed Blackrock's voting activity to be lacking in alignment with their beliefs. Following engagement on this by the Trustees, BlackRock have demonstrated positive steps the Trustees will continue to monitor progress.
Collaboration	
The Trustees expect asset 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 UK Stewardship code as a minimum and be able to demonstrate their ongoing progress in raising responsible investment standards.	BlackRock are signatories to UNPRI and UK Stewardship code and have 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.

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 investment beliefs and expectations within the Responsible Investment Policy. 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.

As listed equity is the major asset class Members invest in, the Trustees focus more extensively on this when reviewing asset manager engagement progress and associated reporting. The Trustees recognize however, that stewardship practices are fast evolving beyond equities and in February 2024 enhanced their engagement-related expectations of asset managers within the Responsible Investment Policy to include specific Fixed Income considerations. The Trustees will be including Fixed Income engagement-related considerations as part of their asset manager monitoring assessments in the next Scheme year.

The information below is a summary of engagement activity undertaken within the Scheme year by the asset managers of the Scheme fund range.

Fund	Engagement meetings by topic within the Scheme year	Company engagement example
Asset Manager: BlackRock		
Aegon LifePath	Environmental - Climate risk Management: TBC Social: TBC	**Issue**: Glencore is a Swiss multinational commodity trading and mining company. The Trustees' wanted to encourage further transparency on the company's approach to managed phase-outs and/or divestment for high emitting assets incompatible with a 1.5°C pathway (in particular, thermal coal and oil sands), as there was a lack of clarity in the company's plans on how its thermal coal production aligns with emissions reduction commitments. **Manager Response/approach**: BlackRock has a long history of extensive engagement with Glencore's board of directors and senior executives on managing climate-related risks. As part of their focused discussions in 2023 the manager asked for greater clarity on the strategic direction for Glencore's coal portfolio, how they are positioned in a transitioning world and how the business as a whole is future-proofed in the different pathways to Net Zero. **Trustee position and actions**: The Trustee's RI Policy outlines expected expectations for managers on the approach to managed phase-outs and/or divestment for high emitting assets incompatible with a 1.5°C pathway. After carrying out monitoring of managers' voting decisions on phase-out approaches for high emitting assets through the annual monitoring, the Trustee's engaged with managers on this matter and expressed their wish to request managers support a shareholder resolution at Glencore to disclose how thermal coal production aligns with emissions reductions commitments. **Outcome and next steps:** While key managers support climate engagement with Glencore, there were various levels of support for this resolution due to concerns it was prescriptive. As a result, the Trustee's engaged with BlackRock to provide evidence of climate engagement working in practice with Glencore, as it was noted that they voted against the company's Climate Transition Plan. The Trustees were pleased to see BlackRock using their voice to encourage further progress by the company and we'll continue engaging to ensure measurable and timely positive outcomes from companies on climate engagement.
Aegon Global Sustainable Multi-Asset Balanced	Environmental - Climate risk Management: 313 Social: 403	
Aegon Global Small Cap Equity Tracker	Environmental - Climate risk Management: TBC Social: TBC	
Aegon Developed Markets ex-UK Equity Tracker	Environmental - Climate risk Management: 224 Social: 266	
Aegon Emerging Markets Equity Tracker	Environmental - Climate risk Management: 174 Social: 125	
Aegon Europe ex-UK Equity Tracker	Environmental - Climate risk Management: 101 Social: 104	
Aegon Japan Equity Tracker	Environmental - Climate risk Management: 68 Social: 114	
Aegon Pacific ex-Japan Equity Tracker	Environmental - Climate risk Management: 120 Social: 132	
Aegon US Equity Tracker	Environmental - Climate risk Management: 233 Social: 276	
Aegon UK Equity Tracker	Environmental - Climate risk Management: 279 Social: 285	

Fund	Engagement meetings by topic within the Scheme year	Company engagement example
Asset Manager: HSBC		
Aegon Global Islamic Equity Tracker	Environment: Climate change 15 Environment - Natural resource use/impact (e.g. water, biodiversity) 8 Social - Human and labour rights 13 Social - Human capital management (e.g. diversity, employee safety) 12	**Issue**: Shell is a British multinational oil and gas company and Aegon noted that the company's current intensity target covering Scope 3 for 2030 is not yet Paris-aligned. The Trustee's see this as an issue as scope 3 emissions in the oil and gas sector usually account for more than 80% of a company's emissions. In this case, Shell's scope 3 emissions account for over 90% of their total emissions (including scope 1, 2 and 3 emissions). **Manager Response/approach**: HSBC have engaged with the company including with the chair on this point, however, has had limited success. At the 2023 AGM, HSBC voted in support of the shareholder resolution on Scope 3 emissions reductions. They viewed the wording in the proposal that the strategy for how to achieve a Scope 3 target is entirely up to the board allowed for flexibility, which provided HSBC comfort about supporting the proposal. **Trustee position and actions**: The Trustee's RI policy outlines manager engagement expectations on climate, and state company engagement expectations on transparency of their climate disclosures, their net zero commitment(s), and associated transition plans to reduce greenhouse gas emissions aligned with a well below 2°C future, preferably 1.5°C. After carrying out monitoring of managers' approaches to voting on Scope 3 emissions reduction targets through the annual manager monitoring, the Trustees requested managers to support a shareholder resolution at Shell regarding reporting of emission reduction targets in line with the Paris Climate agreement through the expression of Wish approach. **Outcome and next steps**: The Trustees were pleased to see the way in which HSBC held Shell to account and that they aligned with the EofW to vote in favour of the resolution. The Trustee's will continue to push Shell and other companies to make the necessary Paris-aligned emissions reduction targets.
Aegon Developed Markets Equity Tracker	Environment - Climate change 121 Social - Human and labour rights: 42 Social - Human capital management: 82	

Fund	Engagement meetings by topic within the Scheme year	Company engagement example
Asset Manager: Baillie Gifford		
Aegon Global Sustainable Equity	Environmental: Climate change: 16 Social: Human and labour rights: 7 Social - Human capital management: 4	**Background**: Baillie Gifford set a specific engagement objective with a pharmaceutical company, Dexcom, to discuss their approach to circularity and push for improvements to waste reduction, reuse and recycling. **Manager Approach**: Dexcom has a return policy for defective supplies however does not have a return policy for used products due to challenges with retractable needles and hazardous medical waste classification. Re-use could significantly reduce plastic consumption, embedded energy, and carbon emissions, but product design challenges and usability for older patients need to be addressed. As shareholders, Baillie Gifford views it as essential to continue pushing Dexcom to improve and strive for increased material circularity, which could lead to potential Scope 3 and financial savings. **Trustee position and actions**: The Trustees are satisfied the manager is acting in line with the Trustee's expectations that managers engage with companies on how they identify, assess and manage nature-related risks in the context of climate change. The Trustees will continue to monitor managers' climate engagement as part of their annual monitoring exercise. **Outcome and next steps**: Dexcom acknowledged the environmental and financial opportunity that exists and assured Baillie Gifford that its operational teams are collaborating to work on reusable components as well as robust takeback programmes. This has been a focus for Dexcom, and Baillie Gifford will continue to engage with the company on further developments.

Fund	Engagement meetings by topic within the Scheme year	Company engagement example
Asset Manager: Ninety One		
Aegon Global Sustainable Multi-Asset Growth	72 engagements with 12 separate companies	**Issue**: A leading chemical producer is an enabler of decarbonisation in industries such as personal care and crop protection. NinetyOne's engagement goals for the company were enhanced carbon avoided disclosure, and monitoring progress on the Science-Based Target initiative. **Manager Approach**: During Q3 2023 NinetyOne joined a collaborative engagement with the Institutional Investors Group on Climate Change (IIGCC) focussed on the company's net zero transition plans and progress against their science-based targets. During meetings, key areas of discussion included Scope 1, 2 & 3 emissions measurement and reduction, more reporting on the impact of actions on decarbonisation, and climate transition plan transparency. The group agreed to send strong transition plan examples to the company and requested for a transition plan resolution to be added to the 2024 AGM. **Trustee position and actions**: The Trustees are satisfied the manager is acting in line with the Trustee's expectations that managers engage with companies on the transparency of their climate disclosures, their net zero commitments and associated transition plans. The Trustee's will continue to monitor managers' climate engagement as part of their annual monitoring exercise. **Outcome and next steps**: The company was seen as putting towards decarbonisation of their own business operations and generating emissions reduction for their customers. NinetyOne believes the company is making strong progress against its decarbonisation targets, and look forward to seeing more detail from the company on their transition plan.

Fund	Engagement meetings by topic within the Scheme year	Company engagement example
Asset Manager: JPM AM		
Aegon Global Climate Focus Equity	Environmental - Climate change: 39.8% Social - Human Capital: 26.1%	**Issue:** **Manager Approach:** **Outcome:** **Trustee position and actions:** Manager has not provided engagement example.
Asset Manager: M&G		
Aegon Global Listed Infrastructure	Environmental – Climate Change and Net Zero: 8 Social – Diversity & Inclusion: 10	**Issue**: Enbridge, a midstream energy company, was flagged as being misaligned with a sustainability label. M&G requested that Enbridge set an SBTi equivalent target and add more granularity to their decarbonisation levers, to provide confidence that they will deliver on their targets. **Manager approach**: M&G highlighted that in order to be aligned with the label, the company will need to set a target under an SBTi equivalent framework, such as the TPI framework. The company already have clear targets on scope 1 & 2, but in order to be aligned with the TPI framework they should include scope 3 emissions. Enbridge confirmed their direction of travel is to provide more dimensions to scope 3 disclosures. At present, there is no industry-wide collaboration to establish a verification process for their carbon reduction targets. However, Enbridge is open to discussing this issue with other midstream companies and will explore options for verifying their targets. Currently Enbridge have a 35% carbon intensity reduction by 2030 covering scope 1 & 2 and a net zero 2050 scope 1 & 2. **Trustee position and actions**: The Trustees are satisfied the manager is acting in line with the Trustee's expectations that managers engage with companies on the transparency of their climate disclosures, their net zero commitments and associated transition plans. The Trustee's will continue to monitor managers' climate engagement as part of their annual monitoring exercise. **Outcome and next steps**: M&G will send over examples of best practice disclosure on quantifying decarbonisation levers and look forward to seeing progress on target verification.

Summary of voting behaviour and most significant votes through Expression of Wish

In reviewing the exercising of voting rights delegated to asset managers, the Trustees have collected evidence of the voting records undertaken on the Trustees' behalf within the Scheme's fund range, to illustrate stewardship in action. Details of these voting records are outlined in the appendix.

The Trustees expressed their voting preferences on most significant votes through their 'expression of wish' (EOW) approach and engaged with key managers ahead of the votes to share their views and encourage manager support for the Trustees' voting preferences. The trustees monitored managers' alignment with their preferences after the company AGMs and engaged or escalated with managers where they noted divergence.

The table below provides details of the Trustees' significant votes within the Scheme year, which are broadly across the whole Lifepath solution and some other funds within the fund range. The Trustees have selected their most significant votes taking into account significant holdings within the Scheme and alignment with Trustees' engagement priorities. Most significant votes selected by the Trustees focussed on climate, reflective of Aegon Master Trust's climate ambition and net-zero commitment. They were also high-profile votes, as featured under ShareAction's resolutions to watch in 2023.

Company	Vote detail	Trustee priority engagement theme	Approx size of company within the Scheme	Trustee EOW	Trustee EOW rationale	Outcome of vote
Glencore	Thermal coal production alignment with emissions reductions commitments	Climate	0.16%	For	We observed a lack of clarity on how Glencore will manage the decline of their fossil fuel portfolio, per their public commitments.	29.22% support
Shell	Report on GHG emissions targets	Climate	0.48%	For	We note the company's current scope 3 intensity target covering scope 3 for 2030 is not yet Paris-aligned (scope 3 emissions accounts for over 90% Shell's scope 1,2 & 3 emissions).	20.2% support

Company	Vote detail	Trustee priority engagement theme	Approx size of company within the Scheme	Trustee EOW	Trustee EOW rationale	Outcome of vote
An oil and gas company	Adopt GHG reduction targets	Climate	0.23%	For	The company's existing aims covering scope 3 do not equate to Paris-aligned targets for all BP's scope 3 emissions by 2030.	16.75% support
United Parcel Service	Set science-based targets	Climate	0.07%	For	We believe it's important that carbon-intensive companies, such as the transportation sector commit to science-based emissions reduction targets evaluated by a reputable organisation and/or against a reputable framework.	20.4% support
CVS Health	Adopt paid sick leave policy	Human rights	0.06%	For	We believe that the lack of a comprehensive paid sick time benefit for all employees disproportionately affect low-income communities and communities of colour, as evidence shows.	26.21% support
Amazon	Report on ethnicity and gender pay gaps	D&I	0.41%	For	Amazon reports on some diversity data, but does not provide unadjusted median pay gaps which enables an assessment of equal opportunity to high paying roles.	29.2% support

Company	Vote detail	Trustee priority engagement theme	Approx size of company within the Scheme	Trustee EOW	Trustee EOW rationale	Outcome of vote
An American multinational investment bank	Limit high carbon financing	Climate	0.06%	For	Banks both have a huge role to play in climate change, with some already adopting policies phasing out financing of new oil and gas fields and coal mines.	10% support
An American Insurance company	Adopt underwriting policy in line with IEA Net Zero Scenario	Climate	0.03%	For	We believe the company should demonstrate more meaningful progress on its plan and measurement in respect of scope 3 emissions.	28.93% support

BlackRock as the Scheme's default asset manager and two other Scheme managers were assessed by the Trustees to consider their level of voting alignment. The Trustees found that HSBC and Aegon Asset Management voted 100% in line with the Trustees' EoW voting preferences, in all instances where the manager held the relevant company. BlackRock's voting behaviour diverged from the Trustees EOW on all of the above shareholder resolutions, however for one company they took alternative action and leveraged a management resolution (i.e. 'Say on Climate') to seek more ambitious climate progress from a company. In this instance, the Trustees were satisfied with this alternative method of escalation.

The Trustees engaged with BlackRock to understand other areas of discrepancy between the asset manager's voting behaviour and the Trustees' voting preferences. Key topics of discussion included the impact of the quality and prescriptiveness of the shareholder resolutions on BlackRock's support for these, the concern about negative financial impacts to companies and shareholders from the resolutions, as well as understanding and challenging the level of progress by companies on the relevant topics.

The Trustees concluded overall, there is further scope for asset managers to support clearer disclosures and accountability by companies to ensure the long-term financial interests of Scheme Members. BlackRock are in the process of developing a new decarbonisation stewardship policy, which Aegon are contributing to and which has the potential to further align BlackRock's voting with the Trustees' expectations. The Trustees will also continue to build on their EOW and annual asset manager monitoring process in the next Scheme year, to maximise their influence on asset managers.

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 considered the results from two research surveys undertaken by Aegon, where customers shared their views on responsible investment factors. Customers indicated nature as the second most important issue (behind climate change), where almost half (49%) of members indicated nature impacts, including biodiversity, to be important considerations when investing in a company and 36% of respondents said nature and biodiversity was an important factor in their everyday decisions. Following this feedback the Trustees consider nature should be a stand-alone priority engagement theme and have updated the updated Responsible Investment Policy accordingly.

Aegon's research also considered customer views on the role of financial sector and climate change and what asset managers should do about companies involved in fossil fuels. 43% of Members think the financial sector is not doing enough to stop global warming and over half (54%) would prefer asset managers to engage with companies involved in fossil fuels and push them to change, rather than divest. These findings were used to inform the development of the EOW approach and broader stewardship by the Trustees.

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. Through Aegon, the Trustees are supporting progress on sustainability and stewardship using industry initiatives like the Institutional Investors Group on Climate Change (IIGCC) and their Policy advisory group focused on climate policy regulation, the Net Zero Asset Owner Alliance manager engagement track and deforestation working group, as well as the DWP's Taskforce on Social Factors (TSF).

Aegon has been co-chair of the TSF and lead on the sub-group focused on modern slavery, focussed on helping trustees understand how to manage risks posed by social factors, including modern slavery and supply chain issues. The group discussed principles and the definition of modern slavery and built out a framework on social factors and modern slavery, and in early 2024 published final guidance for trustees on how to illustrate the materiality of social factors in investments. The Scheme Trustees are considering this guidance in the development of the investment strategy and stewardship approach.

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 Voted %	With Mgmt %	Against Mgmt %	Abstain %
Core default fund					
LifePath (All versions and vintages)	100,434	97%	89%	8%	1%
Aegon Global Climate Focus Equity	924	97%	93%	4%	0%
Aegon Global Sustainable Equity	323	95%	97%	3%	0%
Aegon Global Sustainable Multi-Asset Growth	992	99%	93%	7%	0%
Aegon Global Sustainable Multi-Asset Balanced	25,589	94%	93%	6%	1%
Aegon Global Small Cap Equity Tracker	4,282	100%	92%	7%	1%
Aegon Global Listed Infrastructure	661	100%	91%	8%	1%
Aegon Global Islamic Equity Tracker	1,702	96%	76%	23%	0%
Aegon Developed Markets ex-UK Equity Tracker	24,856	97%	93%	6%	0%
Aegon Developed Markets Equity Tracker	14,304	90%	82%	17%	0%
Aegon Emerging Markets Equity Tracker	9,659	81%	88%	11%	1%
Aegon Europe ex-UK Equity Tracker	8,380	93%	89%	10%	1%
Aegon Japan Equity Tracker	5,893	100%	96%	3%	0%
Aegon Pacific ex-Japan Equity Tracker	4,666	100%	89%	10%	0%
Aegon US Equity Tracker	7,547	99%	97%	2%	0%
Aegon UK Equity Tracker	14,654	96%	96%	3%	1%
Aegon Global Short Term Sustainable Bond	N/A				
Aegon Global Sustainable Government Bond	N/A				
Aegon Global Absolute Return Bond	N/A				
Aegon Global Strategic Bond	N/A				
Aegon UK Property	N/A				
Aegon UK Government Bond Tracker	N/A				
Aegon UK Index-Linked Government Bond Tracker	N/A				
Aegon UK Corporate Bond Tracker	N/A				
Aegon Retirement Income Multi-Asset	N/A				
Aegon Cash	N/A				

Appendix 5
Aegon Master Trust's Climate-Related Financial Disclosure 2023-24

Glossary

Biodiversity: Diversity within species, between species and of ecosystems.

Carbon footprint: The amount of carbon dioxide (and greenhouse gas equivalent) released into the atmosphere as a result of the activities of a particular individual, organisation, or community. In the case of your pension, it is the level of collective greenhouse gas emissions generated by the companies in which the Scheme invests and measures how many tonnes of emissions are being financed per £1 million invested.

Carbon sequestration: A natural or artificial process by which carbon dioxide is removed from the atmosphere.

Climate Value-at-Risk (CVaR): CVaR is a forward-looking assessment of the potential financial impacts of climate risks and opportunities on our investment portfolios under different transition scenarios.

Default fund: A type of lifestyle fund that Members of a pension scheme are automatically invested in, if they don't choose to select their fund(s) when they join the scheme.

Engagement: Purposeful, targeted communication with an entity (for example, fund manager, company, government, industry body, regulator) on particular matters of concern. The goal is to encourage change at an investee company level, or the goal of addressing a market-wide or systemic risk such as climate change.

Environmental, social, and governance (ESG): Factors used to assess and measure how well companies are managing risks and opportunities related to environmental (for example, climate change, pollution), social (customers and employees), and governance (for example, management, reporting) issues. ESG factors can be used to help make decisions on investments (see below environmental, social and governance (ESG) screens and environmental, social and governance (ESG) tilts.

Environmental, social and governance (ESG) screens: ESG screens exclude investments based on set criteria such as exposure to weapons, tobacco, UN Global Compact violators, thermal coal, oil sands or gambling.

Environmental, social and governance (ESG) tilts: ESG tilts favour investments in companies with high ESG scores and reduce exposure to companies with low ESG scores. ESG tilts may reduce the carbon footprint of a portfolio by decreasing exposure to carbon-intensive companies and favouring carbon-efficient or low-carbon assets.

Expression of wish (EoW): The process by which we describe to key fund managers our voting preferences for relevant resolutions, including climate-related ones. The aim is for our fund managers to align with our positions and, consequently, we expect them to exercise their voting rights and responsibilities in line with our expressions of wish.

Fiduciary duty: How we take care of our Members' money by considering all long-term investment value drivers in the investment decision-making process, including environmental, social and governance (ESG) factors.

Greenhouse gases (GHG): Greenhouse gases (GHGs) are the gases in the atmosphere that have a greenhouse effect which raises the surface temperature of planets. Greenhouse gases emissions are measured in terms of emissions of CO2 equivalent (CO2e).

Just transition: 'Greening' the economy in a way that's as fair and inclusive as possible to everyone, creating decent work opportunities and leaving no one behind.

Liability risks: The risk that individuals or businesses seek compensation for losses suffered from the effects of physical or transition risks for which they hold organisations responsible. Liability risk is considered a subset of both transition risk and physical risk.

Low-carbon economy: A low-carbon economy is one that has low greenhouse gas emissions.

Net-zero portfolio: A portfolio that doesn't generate any GHG emissions, aligned with the goals of the Paris Agreement of keeping global temperatures to well below 2°C and preferably 1.5°C.

Paris Agreement: The Paris Agreement is a legally binding international treaty on climate change. Adopted by 196 countries at the UN Climate Change Conference (COP21) in Paris, France, on December 12, 2015, the agreement's overarching goal is to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit it to 1.5°C.

Pathways: A set of emissions trajectories used to evaluate progress and the transition to the goal of global net-zero emissions.

Physical risks: The risks arising from changes in the weather system attributable to climate-change, for example temperature and precipitation changes, or frequency and severity of extreme weather events, which can lead to financial losses and damage to physical assets. Physical risks can be both acute (event driven) and chronic (long term) in nature.

Pooled fund: An investment fund holding the aggregate investments from many individual investors.

Popular arrangement: A popular arrangement means one in which £100 million or more of a scheme's assets are invested, or which accounts for 10% or more of the assets used to provide money purchase benefits. Our popular arrangement is Aegon BlackRock LifePath Flexi.

Real economy: The production and flow of goods and services in the economy from all non-financial firms.

Scope 1 and 2 GHG emissions: Scope 1 emissions are direct GHG emissions that arise from sources owned or controlled by the reporting entity. Scope 2 emissions are indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting entity.

Scope 3 GHG emissions: All other indirect GHG emissions, not included in Scope 1 or 2, that arise in the value chain of the reporting company. Scope 3 emissions are typically more material than Scope 1 and 2.

Sovereign debt: The amount of money that a country's government has borrowed to fund central government spending. Governments borrow by issuing bonds, bills, debt securities, or loans. Pension schemes buy and hold such investments.

Stewardship: The responsible allocation, management, and oversight of capital to create long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society.

Taskforce on Climate-related Financial Disclosure (TCFD): The Task Force on Climate-related Financial Disclosures was established to develop recommended climate-related disclosures for companies and financial institutions. These guidelines help inform investors, shareholders, and the public about climate-related financial risks.

Transition risks: The risk arising from the changes required to support the transition to a sustainable, low-carbon economy, including those driven by policy and technology changes.

Voting season: Voting season refers to the period when companies hold their Annual General Meetings (AGMs), typically once a year. During this time, shareholders exercise their voting rights on critical matters, shaping the company's future.

Foreward from Ian Pittaway, Chairman of the Aegon Master Trust Board

It is a pleasure to introduce the third Aegon Master Trust (the 'Scheme') climate-related financial disclosure, our Task Force on Climate-Related Financial Disclosures (TCFD) report, covering the period 1 April 2023 – 31 March 2024 (the 'Scheme year'). This TCFD report outlines the progress the Trustees of the Scheme (referred to as the 'Trustees', 'Trustee Board', 'we' or 'us' within this report), are making towards better climate management and our net-zero targets. The Scheme continues to align with international scientific consensus by aiming to reduce greenhouse gas (GHG) emissions for our main default arrangement, Aegon BlackRock LifePath Flexi, by 50% by 2030 against a 2019 baseline, and to reach net-zero emissions by 2050. We, the Trustees, want to help Members make informed decisions about their pension investments and ensure that the Scheme default arrangement which most Members are invested in is aligning to net zero.

This TCFD report gives our Members more information on how we manage their investments in the context of climate change. Whilst we place a major emphasis on managing climate-related risks, we are also seeking out opportunities for our Members to benefit from the transition to a low-carbon economy. For us it is a time of reflection on what we have achieved in the Scheme year, from reducing the Scheme's main default arrangement scope 1 and 2 carbon footprint by -40% compared with a 2020 baseline to implementing our new 'expression of wish' process for the 2023 voting season. In addition, I am proud that we have rolled out our Scheme's new self-select fund range following the thorough review undertaken during the last Scheme year. The Scheme now provides more investment options to Members of the Scheme (referred to as 'Members' within this report) who wish to have more of a focus on sustainability or environmental, social and governance (ESG) factors.

We have made encouraging progress against our interim decarbonisation target. However, the Scheme meeting its targets is ultimately dependent on national and global policy. As an asset owner managing a highly diversified and long-term portfolio, we believe it is in our Members' interests that the wider economy, and not only our portfolio, decarbonises. Consequently, we work collaboratively with the industry to ensure progress is made in that direction and we recognise that even though developed countries are decarbonising their economy year on year, this is not sufficient to reach their net zero commitments. The last United Nations Climate Change Conference (COP28) concluded with more concrete pledges such as the oil and gas decarbonisation charter[1] signed by 50 of the world's top fossil fuel producers and a pledge by 133 countries to triple the world's renewable energy generation capacity to at least 11,000 gigawatts by 2030[2]. While necessary, these commitments will likely not be enough to keep global temperature rise below 1.5°C. This year's COP29 in Baku may be our last chance to stay on track with the 2015 Paris Agreement.

Despite an uncertain political backdrop on climate, we have nevertheless seen significant developments on standardising climate and other related disclosures for better decision-making, spearheaded by the International Sustainability Standards Board. In particular, we welcomed the release of the new Taskforce on Nature-Related Financial Disclosures' (TNFD) framework, which encourages businesses to establish science-based nature targets and integrate nature risk considerations in their sustainability strategy. We have initiated an evaluation of the Scheme's overall impacts and dependencies on biodiversity and elevated this topic as one of our key engagement themes. I hope this report gives a good sense of our decarbonisation progress so far and related emerging topics we are considering, such as biodiversity.

[1] **COP28 OG Decarbonization Charter** (Nov 2023), accessed June 2024
[2] **COP28: Global Renewables and Energy Efficiency Pledge** (Nov 2023), accessed June 2024

Executive summary

This TCFD report explains how we addressed climate-related risks and opportunities during the Scheme year. It is based on the requirements in the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 and the related DWP Guidance on Governance and Reporting of Climate Change Risk ('Statutory Guidance')[3].

Climate change represents an existential threat[4] and has already been disrupting financial markets[5] and traditional systems of governance, with real-life impacts for our Members[6]. 2023 was the first year on record when every day was at least 1°C warmer than the 1850-1900 pre-industrial record. Almost half the days were 1.5°C hotter and, for the first time, two days were more than 2°C hotter[7].

The Scheme offers a range of funds to help Members save for retirement, which are suitable for those of different ages, different risk attitudes and different retirement benefit plans. As the Trustees, we consider it our fiduciary duty to embed climate stewardship in the investments we make available to our Members. In doing so, we aim to be able to proactively address climate-related financial risks, as well as contribute to the transition to a low-carbon economy and net-zero world.

In order to limit global warming to 1.5°C by the end of the century, as outlined in the Paris Agreement, economies must reach net zero CO2 emissions by 2050[8]. For a pension scheme, this will require the decarbonisation of investment portfolios over this time horizon or sooner, which has previously informed our decision to set a 2050 net-zero target for our main default arrangement. Looking after the future financial wellbeing of our Members also means protecting the world they will live in when they access their pension savings. Pension asset owners are uniquely placed to support a systemic climate transition in the real economy, by addressing climate issues with fund managers and prioritising net zero goals. The existing integration of ESG factors into the Scheme's investments provides a foundation for structuring additional climate resilience into our portfolio. We are now in the process of building our Scheme's governance, investment strategy and management systems around climate risk and opportunities.

We have begun this journey by committing our main Scheme default arrangement, Aegon BlackRock LifePath Flexi, to net-zero greenhouse gas emissions by 2050 and to halve its carbon footprint by 2030, against 2019 levels. Our climate-related disclosure report provides an overview of the governance, strategy, risk management, metrics and targets employed to inform and continue to develop the Scheme's response to climate change. We are encouraged by the progress we have made during the Scheme year, publishing our first Responsible Investment Policy, setting the Scheme's main arrangement on good track to reach its interim 2030 carbon footprint reduction target, implementing our new 'expression of wish' process and rolling out our new self-select fund range. The main climate-related achievements for the Scheme year are listed below.

3. Department for Work and Pensions (October 2022), Statutory guidance: Governance and reporting of climate change risk: guidance for trustees of occupational schemes
4. António Guterres, Secretary-General of the United Nations speaking at the Austrian World Summit (May 2018), Climate change: An 'existential threat' to humanity, UN chief warns global summit | | UN News
5. European Central Bank, Occasional Paper Series: Climate change and monetary policy in the euro arena (September 2021) pp 29-31, Climate change and monetary policy in the euro area
6. Department for Environment, Food and Rural Affairs (January 2022), UK Climate Change Risk Assessment
7. Copernicus Climate Change Service (January 2024), Global Climate Highlights 2023
8. Intergovernmental Panel on Climate Change (2023), Synthesis Report of the Sixth Assessment Report

Governance

- We published the Scheme's Responsible Investment Policy, explaining our approach and net-zero commitment to Members.
- We set a formal climate objective to assess our investment adviser against.

Strategy

- We rolled out the new range of self-select funds with ESG considerations for Members to choose from.
- We implemented a new 'expression of wish' process for the 2023 voting season where we shared our voting preferences on covering material climate-related resolutions with our key fund managers.
- We refined our climate scenario analysis by splitting out asset classes and adding sovereign debt.
- We made nature one of our key engagement themes, following an initial risk analysis of our Scheme.

Risk management

- We assessed all our fund managers' climate credentials and their year-on-year progress, which helped us prioritise our engagement with key fund managers.
- We updated our Scheme's Risk Register to split out greenwashing risks between communications and fund manager governance risks.

Metrics and targets

- We reported a -40% decrease in carbon footprint for scope 1 and 2 of our default arrangement between 2020 and 2023 for listed equity and corporate fixed income, demonstrating significant progress towards our medium-term target of halving its footprint by 2030.
- We implemented advanced analysis to identify drivers behind our decarbonisation, helping us contextualise our progress, in light of the limited real life decarbonisation of many high emitting sectors, and inform our future strategy.
- We were able to report on carbon intensity of sovereign bonds, following our contribution to developing industry guidance and methodology.

Introduction

The Scheme and climate change

The Scheme is an open defined contribution pension scheme with more than 180,000 Members and £4.8bn in assets under management as of 31 March 2024. This TCFD report marks the third year in which the Scheme has been disclosing its action and approach to assessing and managing the risks and opportunities associated with climate change. As a pension scheme, the Scheme invests over the long-term for its Members' and is thus exposed to systemic risks such as climate change.

We believe the full scale of financial risks from climate change will manifest in the long-term, but the repercussions on how climate investments are assessed and managed are already underway. We, the Trustees, and the wider financial services industry have a critical role to play in helping deliver the targets set out under the Paris Agreement. We can do so by:

- Identifying and mitigating climate risks within the Scheme's investment portfolio
- Capitalising on financial opportunities that the transition to a lower carbon economy brings
- Giving more choice to Members who wish to be invested in climate-thematic funds

This is essential to support an 'orderly' and 'just transition' to a low-carbon economy, with the least negative financial impacts for Members. We seek to drive proactive engagement on key climate topics, directly with our fund managers through fund manager oversight and their own active engagement with the companies in which they invest and through collaborative industry and policy engagement, with Aegon UK representing us, the Trustees. The data analysis we provide in this report gives Members an overview of how we assess climate risks. This guides our climate strategy, which is focused on the achievement of our net-zero target for our Members' benefit.

Description of the Scheme's investment arrangements

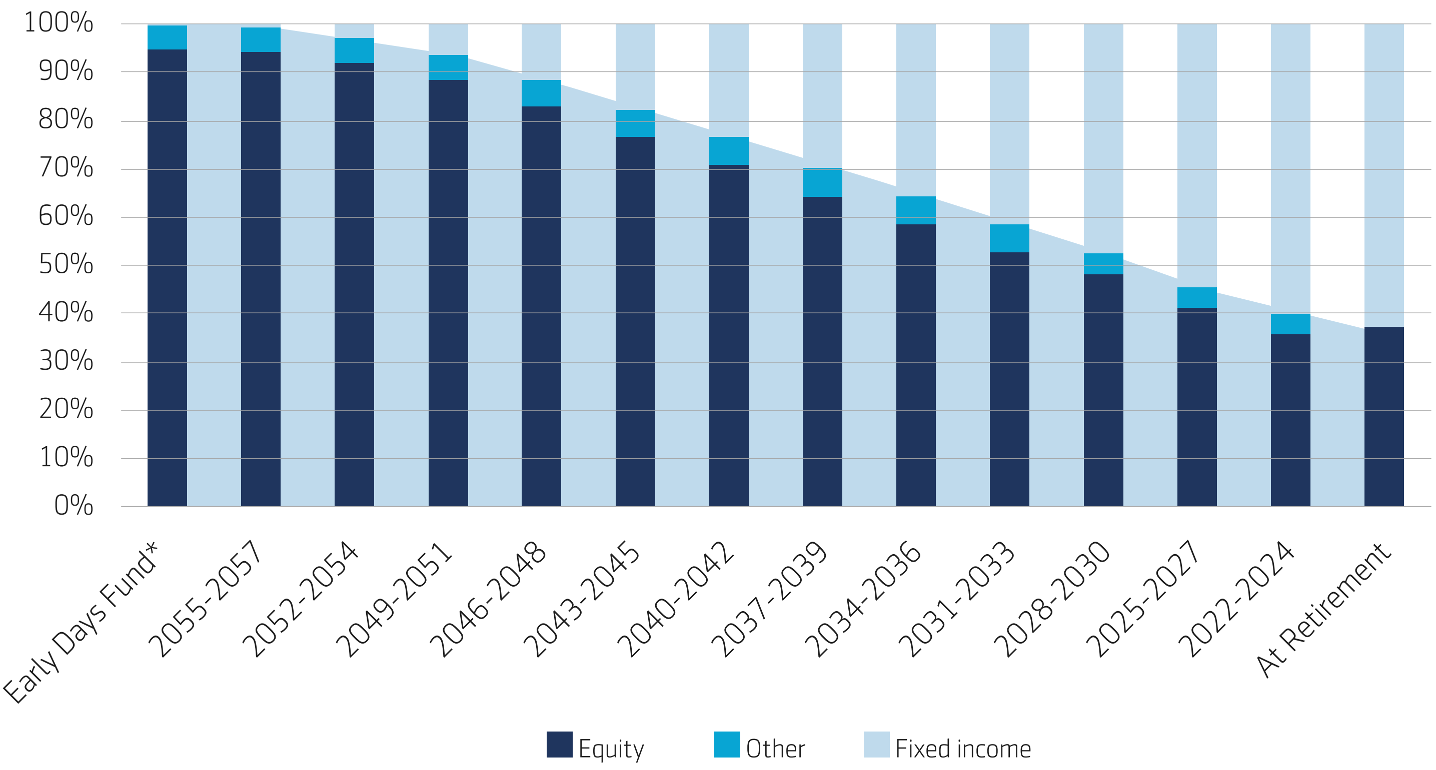
The Scheme's investment portfolio comprises standard default arrangements and bespoke options (known as Bespoke Notional Sections), as well as a range of 'self-select' funds (the 'AMT Fund Range'). We provide default investment funds for Members who do not wish to select where to invest their pension savings. The self-select fund range is available to Members who wish to make an investment choice. In line with the DWP Statutory Guidance, we have provided scenario analysis and metrics for each 'popular arrangement' offered by the Scheme. The Scheme has one popular arrangement only: Aegon BlackRock LifePath Flexi.

The main Scheme default arrangement: Aegon BlackRock LifePath Flexi

Approximately 82.6% of all Members within the Scheme are invested in this default arrangement, representing 86.8% of the Scheme's assets as of 31 March 2024. The asset allocation of our main default arrangement varies depending on how far away a Member is from retirement. Earlier on in a Member's working life, the fund's strategy is weighted towards riskier assets with higher growth potential, such as equities (stocks and shares). Leading up to the target retirement date, the fund's strategy moves to a more cautious asset mix, which is expected to be more stable for generating income from the Member's pension when they retire. This process is termed 'lifestyling' and is demonstrated in Figure 1.

Figure 1: Aegon BlackRock LifePath Flexi asset allocation of funds over a Member's working life. Fund years represent the fund a Member will currently be invested in, reflective of the year in which a Member is expected to retire.

*Early Days fund asset allocation remains the same for all Members retiring after 2057.



Alternative Scheme default arrangements

9.9% of Members in the Scheme are invested in alternative Scheme default arrangements, representing 4.7% of the Scheme's assets[9]:

- **Aegon BlackRock LifePath Retirement**: Designed for Members planning to buy an annuity at their target retirement date
- **Aegon BlackRock LifePath Capital**: Designed for Members planning to take their savings as a one-off cash lump sum
- **Aegon BlackRock Cash**: In which Members may be temporarily invested should another fund be closed / suspended due to new monies and withdrawals.

The Scheme's alternative default arrangements have different climate risk factors in their underlying fund structures. The underlying fund manager, BlackRock, has an extensive stewardship team and adopts a consistent and robust approach to engagement across their investments.

The AMT Fund Range

Around 6.7% of Scheme Members are invested in the AMT Fund Range, our new range of self-select funds, representing 7.5% of the Scheme's assets[10]. The Scheme offers twenty-five self-select funds, outlined below, in addition to the three Aegon BlackRock LifePath default arrangements (and any bespoke self-select and default funds):

Funds with a specific focus on sustainability: This means that a climate objective is built into their investment objective or investment process:

- Aegon Global Climate Focus Equity
- Aegon Global Sustainable Equity
- Aegon Global Sustainable Multi-Asset Growth
- Aegon Global Sustainable Multi-Asset Balanced
- Aegon Global Sustainable Government Bond
- Aegon Global Short Term Sustainable Bond

Funds which integrate ESG exclusions: This means that in line with certain thresholds, they will not invest in certain companies, based on ESG concerns. For example, some funds listed below exclude investment in companies based on revenues generated through thermal coal and oil sands:

- Aegon Developed Markets Equity Tracker
- Aegon Developed Markets ex-UK Equity Tracker
- Aegon Emerging Markets Equity Tracker
- Aegon Global Islamic Equity Tracker
- Aegon Global Listed Infrastructure

9. Figure based on Aegon UK asset allocation data as of 31 March 2024.
10. Figure based on Aegon UK asset allocation data as of 31 March 2024.

- Aegon Global Small Cap Equity Tracker
- Aegon UK Equity Tracker
- Aegon US Equity Tracker
- Aegon Europe ex-UK Equity Tracker
- Aegon Japan Equity Tracker
- Aegon Pacific ex-Japan Equity Tracker
- Aegon Retirement Income Multi-Asset
- Aegon UK Corporate Bond Tracker
- Aegon Cash

Funds which integrate ESG considerations within their overall investment process:

- Aegon Global Absolute Return Bond
- Aegon Global Strategic Bond
- Aegon UK Property

Funds that fall into asset classes in which few solutions integrate ESG considerations within their investment process:

- Aegon UK Government Bond Tracker
- Aegon UK Index-Linked Government Bond Tracker

The roll out of the AMT Fund Range was finalised in October 2023. For more information on the Scheme's self-select fund range review held in 2022/23 and details of the Scheme's previous self-select fund range, known as the Core Fund Range, please refer to **last Scheme year's TCFD report**.

Bespoke Notional Sections

Around 0.8% of Scheme Members are invested in bespoke funds, known as Bespoke Notional Sections, representing 1% of the Scheme's assets[11]. We offer 'bespoke' fund ranges in cases where employers wish to make a different range of self-select investment funds and/or a different default arrangement available to their employees. In these cases, the employers seek appropriate investment advice to create a 'bespoke' fund range. As of March 2024, three employers had opted to offer bespoke funds to their Members.

11. Figure based on Aegon UK asset allocation data as of 31 March 2024.

Governance

In this section, we set out:

- how we maintain ongoing oversight of climate-related risks and opportunities which are relevant to the Scheme, as per our governance structure
- our responsible investment beliefs and how they were reviewed during the Scheme year
- responsibilities for the management of climate change in day-to-day activities, including the role of service providers advising and/or assisting us.

Trustee Board oversight and efforts to improve our climate understanding and knowledge

As the Trustees of the Scheme, we understand that we have ultimate responsibility for ensuring effective governance and management of climate-related risks and opportunities. This is particularly important given that the Scheme assets are managed by third-party fund managers with their own proprietary approaches and strategies, including climate-risk management. Effective oversight, dialogue, and monitoring of those fund managers is therefore a key tool for our climate-risk management approach.

The Scheme Investment Sub-Committee, including two out of four Trustees, provides expert oversight of investment topics that are essential to the successful management of the Scheme. This includes the Scheme's approach to responsible investment. We believe the sub-committee structure maximises the effectiveness of the Trustee Board's time, whilst ensuring the amount of governance and oversight necessary to manage climate-related risks. The Investment Sub-Committee meets at least quarterly. The investment adviser, Isio, attends all meetings. Since its establishment, the Investment Sub-Committee has regularly considered responsible investment and climate-related agenda items. Table 1 below lists key topics that were discussed by the Investment Sub-Committee during the Scheme year. Significant time was spent on responsible investment topics, in particular climate-related issues, and we expect they will require growing time and resources in the future. We aim to keep up to date with the latest developments in climate analysis. This Scheme year in particular, we have embraced more sophisticated analytical tools to improve our assessment of the Scheme's climate performance. The time spent by the Trustees learning about the latest climate tools and how these apply to the Scheme helps the Trustees steer the Scheme towards its climate commitment, challenge the Schemes' service providers and ultimately protect the Scheme's Members.

Following a meeting of the Investment Sub-Committee, its Chair updates the Trustee Board (at the next Board meeting) on the matters that were considered. This update may be verbal or in writing, on matters discussed, recommendations and key actions agreed, including those relating to climate change.

Table 1: Notable responsible investment agenda items discussed at Scheme Investment Sub-Committee meetings during the Scheme year

Date	Agenda topic(s) related to climate change risks and opportunities
May 2023	AMT TCFD Report – TCFD Metrics (Aegon UK) AMT TCFD Report – Data Coverage Update (Aegon UK) AMT TCFD Report – Climate Scenarios (Aegon UK) Presentation of the approach to Expressions of Wish (Aegon UK)
August 2023	Update on Climate Roadmap (Aegon UK) Update on AMT TCFD Report (Aegon UK) AMT Responsible Investment Policy (Aegon UK) AMT Review of greenwashing risk (Aegon UK)
November 2023	Annual update – Stewardship summary (BlackRock) Annual update – ESG integration summary (BlackRock) Approach to formal ESG quarterly reporting to AUK (Blackrock) Assessment of BlackRock's tailored voting policies and split voting proposition (Isio)
February 2024	LifePath ESG reporting (BlackRock) AMT Fund Range implementation wrap-up (Aegon UK) Impact of SDR (Aegon UK) Review of AMT's RI policy updates (Aegon UK) Investment consultant ESG objectives (Isio)

Source: Aegon UK using data from MSCI as at 31 December 2023

In addition to the Investment Sub-Committee items above, the Trustee Board regularly allocates time for climate-related teach-in sessions. These help us maintain appropriate climate oversight, following fast-paced regulatory and market developments.

In November 2023, we received one session focused on TCFD reporting, biodiversity and stewardship. Aegon UK provided an assessment of the annual TCFD reporting cycle, including a reflection on peer review and insight into next year's improvements.

Aegon UK also developed its approach to biodiversity and how this could be applied to the Scheme, assessing its impacts and dependencies on biodiversity. We also discussed the latest update from Aegon UK on Stewardship, including its recent status as FRC Stewardship Code signatory, and reflections on the first outcome from its 'expression of wish' procedure. The Aegon UK secretarial / executive admin team, who support us, also attended this session.

Investment beliefs and responsible investment beliefs

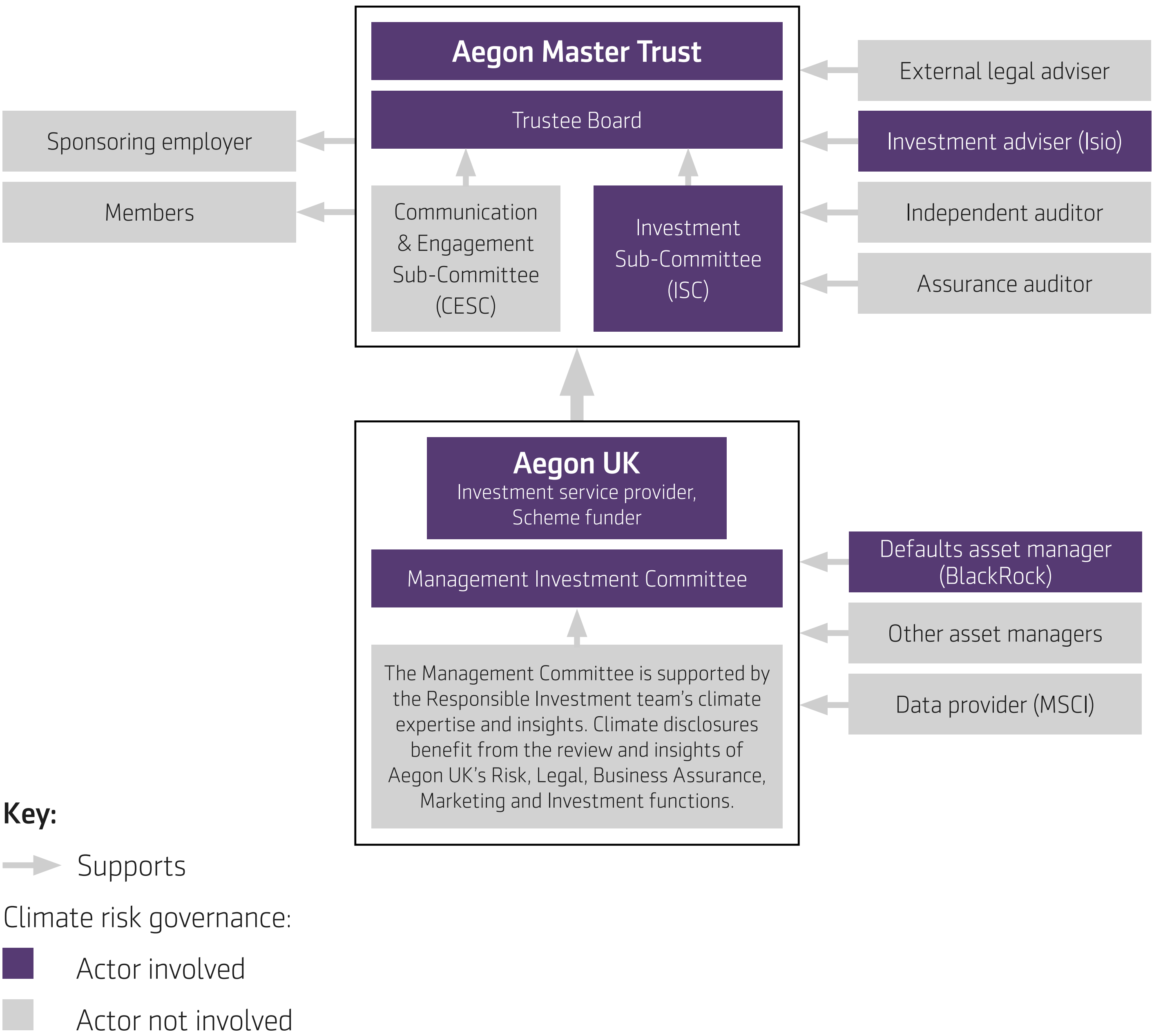
Investment beliefs are guiding principles which inform the investment strategy, the design of the Scheme's default arrangements and the number and type of other investment options we make available to Members. We have re-evaluated our investment beliefs in the Scheme year, as part of a review of our Statement of Investment Principles. We now explicitly mention our responsible investment beliefs in our investment beliefs: "As long-term investors, the Trustees believe the fund range should, where possible, align with the Trustees' responsible investment beliefs". For our full investment beliefs, please refer to **Section 3 of the Scheme's annual Chair Statement**.

Our responsible investment beliefs provide further details on the minimum level of active ESG integration and engagement we expect from Aegon UK and our fund managers. They have guided the climate expectations we have set for our fund managers. Please refer to the Scheme's **governance section of our website** for more details on our responsible investment beliefs.

Roles and responsibilities of service providers

Service providers highlighted in this section assist us with undertaking governance activities with regard to managing climate-related risks and opportunities. Other service providers, including legal advisers, auditors, and the Scheme secretary, also undertake Scheme governance activities. However, these persons do not undertake activities relevant to assessing and managing climate-related risks and opportunities at the present time.

Figure 2: Governance structure for the Scheme, with Trustee oversight of climate change considerations



The investment service provider (Aegon UK), investment adviser (Isio), main fund manager (BlackRock) and climate data provider (MSCI) undertake, advise and assist with, respectively, governance activities in respect of identifying, managing and assessing climate-related risks and opportunities. Their roles and responsibilities are detailed in Table 2.

Table 2: Roles and responsibilities of service providers assisting and advising us. Items below should not be viewed as exhaustive but as an illustration of various roles and responsibilities we expect of their service providers, and how we ensure appropriate oversight of these.

Category	Investment service provider, also sometimes called Scheme funder, Aegon UK
Description	Aegon UK uses its intellectual property and market insights to make relevant suggestions in relation to our climate strategy, where appropriate. Aegon UK uses its dedicated responsible investment expertise to provide us with regulatory horizon scanning and dedicated training on climate-related risks and opportunities.
Overall responsibilities	Aegon UK helps us set and implement an investment strategy which is aligned with the Scheme's goals, objectives, and beliefs, such as climate management, net zero targets and related fund developments. Responsibilities include: • monitoring the climate credentials of the Scheme's fund managers • engaging with and challenging the Scheme's fund managers and data provider, where appropriate, throughout the Scheme year • undertaking industry advocacy efforts to support wider market decarbonisation, including on our behalf • providing data and insights to ensure climate-related disclosures are appropriate and aligned with any legislative changes • identifying, contributing to, and sharing net-zero industry best practice with the Trustees We are supported by an executive team, in particular the Investment Proposition Managing Director who receives regular insights and thought leadership from the responsible investment function. Insights from the responsible investment team ensure that the executive team assisting us has a good understanding of climate change and its impacts.
Trustee oversight and governance	The implementation of the Scheme's net zero targets is overseen by Aegon UK's Management Investment Committee. The Committee typically reviews items before they go to the Investment Sub-Committee. We leverage our investment adviser Isio to assess the credibility and progress of Aegon UK in helping us implement our climate strategy and day-to-day climate management. Indirectly, Aegon UK becoming a Stewardship Code signatory in 2023 confirms our robust oversight and confidence in their responsible investment practices.

Category	Investment adviser, Isio
Description	Isio provides ideas and an independent review of suggested approaches and developments from the investment service provider, where required.
Overall responsibilities	Isio advises us on the Scheme's overall investment strategy, including our responsible investment strategy. Responsibilities include: • reviewing the appropriateness of the Scheme's investment strategy in relation to climate change, for example through feeding into fund reviews and commenting on the Scheme's progress towards net-zero targets • providing us with advice and benchmarking our responsible investment strategy, including beliefs and climate-related disclosures • assessing the credibility and progress of Aegon UK in helping us implement our climate strategy and day-to-day climate management • supporting our independent oversight of the Scheme's fund managers • informing us of regulatory and market developments which could impact the investment strategy and wider fund range, and how they could be addressed During the Scheme year, the Trustees have introduced a climate objective for Isio, which formalised their expectations and oversight. The climate objectives complement Isio's responsibilities and reads as follows: • supporting the Trustees embed material climate considerations in investment decisions and processes, in the interest of Members and aligned with the Scheme's Responsible Investment Policy.
Trustee oversight and governance	In accordance with DWP regulations and Pension Regulator guidance, we are required to set strategic objectives for investment advisers; and to review the provider's performance against those objectives at least every twelve months. The objectives must be reviewed and (if appropriate) revised at least every three years and without delay following a significant change in investment policy. The Trustees assessed Isio's performance against its strategic objectives, including their objective to assist the Trustees in aligning the Scheme with its ESG objectives. Overall Isio scored well. This assessment, which included Isio's self-assessment in February 2024, helped identify areas for additional focus. We have agreed strategic objectives with Isio for the year 2024. Isio's newly introduced climate objective will help formalise the Trustees' oversight: Isio's climate competency will be considered in relation to the positive and best practice indicators for investment consultants developed by the Investment Consultants Sustainability Working Group (ICSWG) , including Isio's contribution to: • helping the Trustees implement their 2050 net-zero target and associated interim targets • assisting Trustees by sharing best practice and thought leadership on climate topics • supporting Trustees with effective investment provider and default fund manager engagement and collaboration, to ensure climate-related risks and opportunities are appropriately managed

Category	Various asset managers, with BlackRock being the asset manager for the Scheme's main default arrangement, Aegon BlackRock LifePath Flexi
Description	Fund managers are responsible for the day-to-day management of the Scheme's investments, including identification and management of climate risks and opportunities.
Overall responsibilities	Taking BlackRock as an example, the BlackRock team regularly reviews its climate policies, processes, resources, and expertise to support climate integration and the ESG objectives of the Scheme. Responsibilities include: • contributing to the Scheme's climate strategy for investments and supporting the transition of assets to low carbon strategies where needed • sharing risks and opportunities which relate to the Aegon BlackRock LifePath Flexi net-zero target • exercising voting rights and engaging with companies on climate risks and opportunities • supporting climate data and information requests made under the regulatory regime
Trustee oversight and governance	All fund managers must respond to an annual responsible investment due diligence questionnaire. This helps us ensure minimum climate requirements are met and helps inform topics for engagement throughout the Scheme year. We pay particular attention to BlackRock as the fund manager of our main default arrangement. They are invited to join Investment Sub-Committee meetings to present on specific climate topics and their decarbonisation progress. This forum provides the opportunity to the Trustees to assess gaps from fund managers against the Scheme's Responsible Investment Policy and opportunities to align further with the Trustees climate goals and public targets. Aegon UK also has regular meetings with and oversight of BlackRock, which supports the Scheme's strategy. In 2022, Isio carried out a review of LifePath, in which they assessed the performance of BlackRock on ESG and climate criteria. The next triennial review of Lifepath is scheduled for Q4 2024. We will not appoint fund managers who fail to integrate responsible investment principles into their overall decision-making processes. Those that we do appoint are required to report on their voting and engagement activities. For more information on how we monitor fund managers please see the strategy section of this report.

Category	Climate data provider, MSCI
Description	MSCI is a provider of climate data and analytics. They support the Scheme's data and information requests related to climate risks and opportunities, which informs our strategy development.
Overall responsibilities	MSCI provides the climate data and associated platform and customer service for Aegon UK to collect climate metrics and inform Scheme analysis, including for TCFD reports. This includes providing scenario analysis capabilities, estimating greenhouse gas emissions where reported data is not available, and developing methodologies for proprietary climate metrics, in line with market developments and regulatory guidance.
Trustee oversight and governance	Aegon UK exercises day-to-day oversight of MSCI through ad-hoc issue-specific meetings, technical bi-weekly meetings and quarterly oversight and relationship meetings. These are used to discuss availability of climate data, insights from climate reports and raise any issues. The performance of MSCI is continually evaluated, specifically the level of service provided, appropriateness of data and relationship as a key service provider. In addition, Aegon UK sets and tracks progress against specific annual engagement objectives for MSCI. Aegon UK's responsible investment team aggregates, complements, reviews, and analyses the information provided by MSCI before sharing it with us. Data published through TCFD reports is independently reviewed by Isio. MSCI communicates improvements in data coverage and updates to methodologies via Aegon UK through Investment Sub-Committee updates or board teach-ins.

A case study on how we have challenged service providers during the Scheme year can be found in the risk management section of this report.

Strategy

In this section we set out:

- our approach to climate-related risks under different time horizons, in relation to our investment strategy
- our chosen climate scenarios and associated analysis
- our climate strategy and how we are using our influence to decarbonise our main default arrangement, Aegon BlackRock LifePath Flexi

Description and assessment of climate-related risks and opportunities

How we define climate-related risks

Material climate-related financial risks can affect the value of our Members' investments, directly impacting their financial wellbeing. To manage climate risks, we need to understand the range of climate impacts, how and when they may occur, and the likely consequences for our investment strategy. In assessing the potential impacts of climate risks on our Members' investments, we consider physical, transition and liability risks, which we define as follows:

- **Physical risks** – the risks arising from changes in the weather systems attributable to climate-change. For example, temperature and precipitation changes, or frequency and severity of extreme weather events. Physical risks can be both acute (event driven) and chronic (long-term) in nature.
- **Transition risks** – the risks arising from the changes required to support the transition to a sustainable, low-carbon economy, including those driven by policy and technology changes.
- **Liability risks** – the risks that individuals or businesses seek compensation for losses caused by the effects of physical or transition risks for which they hold organisations responsible. Liability risk is considered a subset of both transition risk and physical risk.

How we define time horizons

While exact outcomes are uncertain, there is a high degree of certainty that some combination of physical and transition risk factors will occur and are already occurring, as made clear in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change[13]. Climate risks will impact both our Members' investments and the world they will live and retire in. The age distribution of Members invested in Aegon BlackRock LifePath Flexi ranges from those retiring in the Scheme year to those retiring beyond 2070. We thus recognise the need to consider both immediate and long-term investment horizons. Our three distinct time horizons reflect the long-term nature of our Members' investments. We currently consider these time horizons to be sufficiently long-term.

- **Short-term horizon (less than 10 years)**: Within that period, most transition risk will be taken into account by financial markets while physical risks will increase.
- **Medium-term horizon (between 10 and 25 years)**: We expect remaining transition risks, and emerging risks resulting from the increasing physical impacts under extreme warming scenarios, to manifest in 10 years or more.
- **Long-term horizon (over 25 years)**: During this period there may be accrued risks resulting from the increasing physical impacts emerging under extreme warming scenarios risks.

13. Intergovernmental Panel on Climate Change (2022), Impacts, Adaptation and Vulnerability

We assess all these time horizons in our evaluation of climate risks and opportunities, and consider:

- the type of assets our Members are invested in
- how long assets will be invested for
- the time horizon over which climate change considerations will be relevant
- our long-term investment strategy, including our climate targets until 2050

Mapping of climate-related risks and opportunities

We have outlined in table 3 some of the specific climate-related risks and opportunities we believe could arise in each time horizon (short, medium, and long-term) that could have a material financial impact on the Scheme and our Members.

Table 3: Our revised short, medium and long-term time horizons and associated potential impacts, both risks and opportunities

Risks	Potential impacts	Short term <10 years	Mid term 10-25 years	Long term >25 years
Transition risks				
Wide-ranging transition risks (policy and legal risks)	Transition to a net-zero world will require significant policy intervention as governments seek to drive the necessary actions from companies and citizens. This includes measures such as carbon pricing and restrictions, or outright bans on polluting activities.	x	x	
Wide-ranging transition risks (technology risks)	Transition risks also encompass technological risk as the world shifts away from fossil fuels and carbon-intensive methods towards sustainable alternatives such as renewables and electric vehicles, causing potential 'stranding' of high-carbon assets.		x	x
Market risks	Risk that broader macro-economic impacts from climate change drive lower asset valuations, higher corporate and sovereign defaults, and increased volatility. Potential impacts on interest rates and inflation are unclear. Impacts vary under different climate scenarios, with transition effects stronger under 'orderly' and 'disorderly' scenarios, and physical effects stronger under a 'failed transition' scenario.	x	x	x
Reputational risks	Risk that the Scheme's management of physical and transitional risk factors is suboptimal or negatively perceived by our stakeholders, causing reputational damage.	x	x	
Physical risks				
Wide-ranging physical risks	Physical risks refer to the many different and interconnected impacts that come with a warmer world, including extreme weather and rising sea levels, which can damage assets and cause disruption to supply chains and company operations.	x	x	x

		Time horizons		
Risks	**Potential impacts**	**Short term <10 years**	**Mid term 10-25 years**	**Long term >25 years**
Direct risks to our members				
Quality of life and morbidity	Risk of deterioration in quality of life preventing our Members from living their best lives e.g., impacts resulting from drought or wildfires affecting crops, food, and water security. Risk of higher levels of morbidity e.g., through deterioration in air quality in failed transition scenarios, or chronic changes in weather patterns such as prolonged heatwaves, or severe winters. These are primarily driven by physical risk.	x	x	x
Mortality	Risk of higher levels of mortality as a direct consequence of climate change / extreme weather events, or the indirect impact on individual wellbeing levels driven by worsening economic conditions. This is primarily driven by physical risk.		x	x
Opportunities				
Climate opportunities: Investee companies' transition	To thrive in the low-carbon world, companies will need to adapt and rethink their business models. Significant capital will be needed to fund corporate net-zero transition plans, with better expected long-term outcomes for companies that manage to change.	x	x	
Climate opportunities: new investment opportunities	We expect more capital will be allocated towards climate change mitigation and adaptation over the coming years. In addition, climate solutions' investments may help expand investments to non-traditional asset classes, such as real assets or private equity.	x	x	x
Climate opportunities: new products and services opportunities	Our Members will increasingly be concerned about climate change and if their investments contribute to climate change. This is an opportunity to support companies developing new products and services tailored to their customers concerns and helping to address the challenges of climate change.	x	x	
Resource efficiency opportunities	Opportunities arising from reduced operating costs of companies through efficiency gains and increased production capacity, as well as from transforming a linear economy to a circular economy.		x	

Impact of climate-related risks and opportunities for our strategy

Short-term, less than 10 years

In the next few years, the implementation of Aegon UK's net-zero transition plan, its **climate roadmap**, will help support the Scheme in moving towards its net-zero commitment by increasing the alignment of Aegon BlackRock LifePath funds[14]. The AMT Fund Range, rolled out during the Scheme year, will also offer more choices for Members to invest in a range of funds that integrate, as far as possible, environment, social and governance considerations.

Adopted in the prior Scheme year, our minimum responsible investment requirements and stewardship approaches support our 2030 decarbonisation target and frame our engagement with our fund managers and the wider market. Climate is already one of our key engagement themes. It drives how we approach fund manager selection, appointment and monitoring, and our fund manager's voting and engagement activities, to ultimately manage short-term risks. Over the next decade, we want to see more evidence of outcomes from their climate engagement. We expect fund managers to follow and contribute to industry best practice so we can continue to work together to minimise climate risks. Effective engagement with our fund managers will be necessary to achieve our 2030 decarbonisation targets. Finally, we expect to more extensively voice our concern on climate to our fund managers through expanding our 'expression of wish' approach.

In addition, we see a trend towards voluntary nature disclosures, in line with the Taskforce on Nature-related Financial Disclosures (TNFD) framework, which aligns with existing climate disclosures. We are building our understanding and portfolio assessment of nature risks which will support our net-zero targets in the short-term.

Finally, we expect that data coverage will improve over this period, driven by increased regulatory scrutiny and market transparency. We anticipate a shift in focus to the verification of companies' emissions reporting and the development of more precise models to estimate emissions, in particular scope 3 emissions where reporting is currently inconsistent. Towards the end of the period, we also anticipate there may be stricter regulations on climate reporting.

Medium-term, 10 to 25 years

We expect our Members and external stakeholders will ask for more detail on how we are aligning the Scheme to net-zero. For example, they may ask for emissions performance attribution analysis or information on sectoral decarbonisation pathways.

To help us answer those questions we will continue to develop our climate data analysis, informed by the latest science. We will continue to monitor and hold our fund managers accountable on climate risks, as we assess their medium-term progress against our net-zero target. We expect increasing climate risks will drive our fund managers to develop more sophisticated qualitative (research based) and quantitative (numbers based) analysis, including robust decarbonisation pathway analysis to support funds transition to net zero. We expect to see this analysis flow through into their investment strategies and to be reflected in their company engagements and wider contribution to collective industry advocacy. Better climate disclosures will help us refine our investment strategy and net-zero targets.

As the market becomes better at pricing in climate risks, we also anticipate more assets will be invested with better consideration to climate factors, moving beyond ESG screens (e.g. exclusions) and tilts to other ways of integrating climate risks and opportunities into decision-making. Linked to this, we expect more investments in climate solutions. We define climate solutions as investments with core activities directly and substantially contributing to climate change mitigation and/or adaption. Finally, over that period, illiquid assets may provide more significant sustainability outcomes, as well as long-term growth potential. We believe investing in private markets has the potential to help deliver

14. Aegon UK's net-zero commitment covers all of its default funds, which includes Aegon BlackRock LifePath.

climate solutions, which can also support climate goals, although in the short to medium-term investing in climate solutions may increase portfolio emissions.

Long-term, over 25 years

Members may be increasingly affected by climate impacts, through their investments and in their daily life. As a result, we expect our fund managers will grow their efforts to adapt to climate change and how they mitigate risks in their products. By this point in time, we may expect that markets will be fully pricing in transition risks and will start to price in locked-in physical impacts, if the world meets the goals of the Paris Agreement to stay within 1.5°C of pre-industrial temperatures this century. Under a failed transition scenario (which is explained in the climate scenario analysis below), we expect markets will price in more severe physical impacts, exacerbated by inaction over the preceding years.

We are conscious of the size and scale of the challenges that we are all collectively dealing with and the complexity of understanding different climate change scenarios. We know that a great deal of additional insight, learning and integration lies ahead. Therefore, we can expect significant changes in our funds' asset allocation compared with today, as well as significant opportunities to invest in the low-carbon transition.

The impact of climate-related issues on the financial performance of our investment estate is considered in the next section. We use Climate Value-at-Risk (CVaR) to measure the potential impacts of different climate scenarios on our investments.

Climate scenario analysis

Climate scenario analysis is a tool to understand potential financial consequences of climate risks under a range of different scenarios. Climate scenarios are hypothetical, as opposed to forecasts or predictions, but rather illustrate a set of possible future states of the world. They capture a range of possible outcomes related to climate policy, technological developments, and speed of the transition to a low-carbon world.

We use climate scenario analysis to understand potential financial consequences of climate risks on our Members' investments in default portfolios under a set of possible scenarios.

Choice and description of our climate scenarios

We selected three scenarios to assess our exposure to climate risks. This climate-related scenario analysis assessed the potential impacts on our Members' investments in the Aegon BlackRock LifePath Flexi default portfolio, the Scheme's only popular arrangement. Climate scenario analysis combines data on climate risks and opportunities categorised as physical or transition (policy and technological risks). These risks and opportunities are then translated into an aggregated CVaR metric for each of the three transition scenarios we have selected. The three scenarios and their different trajectories are presented below:

Table 4: Three transition scenarios from MSCI to capture possible temperature paths

1.5°C orderly transition	2°C disorderly transition	4°C failed transition scenario
Integrated Assessment Model: REMIND[15] NGFS[16] 1.5°C, see model descriptions on next page.	Integrated Assessment Model: REMIND NGFS 2°C.	Integrated Assessment Model: 3°C REMIND NGFS transition scenario and 4°C IPCC SSP3-7.0 aggressive physical scenario.
Transition impact due to policy measures and technology drivers.	Transition impact due to policy measures and technology drivers.	Some transition impact – existing policy regimes are continued with the same level of ambition until 2030, when slow decarbonisation occurs.
Transition is assumed to occur as smoothly as possible. Carbon capture and storage are developed.	Transition to low carbon technologies results in sentiment shock and stranded assets.	Severe physical impacts over time – both gradual physical changes, as well as more frequent and severe extreme weather events.
Steep increase in carbon price by 2030.	No increase in carbon price until 2030, steep increase between 2030 and 2050.	Limited increase in carbon price by 2050.
Locked-in physical impacts of 1.5°C.	Locked-in physical impacts of 2°C.	Assumes temperature rise of 4°C by 2100.

Source: Aegon UK using data from MSCI.

15. REMIND (Regional Model of Investment and Development) was developed by the Potsdam Institute for Climate Impact Research to analyse the future implications of interactions between energy, land-use, economy and climate systems. REMIND uses a general equilibrium model with perfect foresight, meaning the model can anticipate changes happening over the modelling time horizon, to simulate the interactions between the various systems inside a closed economy.
16. NGFS: Network of Central Banks and Supervisors for Greening the Financial System

Climate scientists currently anticipate that climate change is likely to lead to a world temperature rise of 2.7°C by 2100 . Such projections are significantly higher than the ambition set by the Paris Agreement, which aims at limiting global surface temperature rise to well below 2°C above pre-industrial levels by the end of the century and to pursue efforts to limit the temperature rise to 1.5°C. Consequently, we kept last year's scenarios, which reflect a realistic range of projections for our Members.

Climate scenario analysis is composed of three elements:

- The first component of climate scenario analysis is physical risk. Our data provider, MSCI [see case study: Engagement and collaboration with MSCI], has established a measure of physical risk to quantify the effect of different physical risk 'hazards' on companies. Physical risk hazards include and consider different climate change-induced weather patterns like flooding, wildfires, droughts, and their effects on the facilities that a company directly owns, like offices or factories. Companies with facilities in climate sensitive regions or long-lived fixed assets are those that are most at risk, due to greater exposure to extreme weather patterns which may increase in frequency or severity over time.
- The second component of climate scenario analysis is transition risk. Our data provider, MSCI, has established a measure of transition risk, which estimates the likely trajectory of human economic activity over a 50-year horizon and quantify how a Member's portfolio is likely to be impacted. Transition risk estimates the influence of existing and future climate policy as well as whether / how countries implement their decarbonisation plans. Transition risks can be further measured in terms of when and how policy changes are delivered. An orderly transition assumes that policy makers will introduce policy changes gradually, giving companies time to adapt their business models. A disorderly transition assumes a sudden change in legislation dictated by an urgent need to change corporate practices.
- The last component of climate scenario analysis, the technology opportunity, considers the opportunities arising from the changes required to meet the transition to a low carbon economy.

Our data provider, MSCI, has calculated the financial implications of physical risk, transition risk and technology opportunity over a horizon of 15 years on a large universe of companies under a set of different scenarios. Since the cost and opportunity associated with climate change extend way beyond that time horizon, MSCI has modelled how these financial implications would evolve over a 50-year horizon. CVaR allows us to quantify today how a Member's portfolio is likely to be impacted under the different scenarios' physical risk, transition risk and technology opportunity.

The climate scenarios selected are applicable to the most frequent asset classes that the Scheme invests in, namely equity and corporate fixed income. In the Scheme year, Aegon UK has worked with MSCI to expand the scope of assets to include sovereign bonds, which significantly increased our data coverage. These scenarios adapted for sovereign bonds focus on transition risks and incorporate to some extent some impact of chronic physical risks, but not acute physical risks.

17. Climate Action Tracker (December 2023), The CAT Thermometer

Assumptions made in relation to climate scenarios

We based our orderly and disorderly transition scenarios on Network of Central Banks and Supervisors for Greening the Financial System (NGFS) REMIND scenarios. NGFS partnered with an expert group of scientists and economists to design these scenarios, and they are commonly used to help understand how climate change could impact investment returns. The most recent scenarios are available to us through our data provider MSCI. We note that there are other scenarios available. Limitations of climate scenarios are discussed later in this section.

We assumed an average physical risk for the 1.5°C NGFS REMIND orderly transition scenario, and an aggressive physical risk under the 2°C partially disorderly transition scenario. Our failed transition scenario is based on 3°C REMIND NGFS transition scenario, due to the unavailability of 4°C scenario for REMIND NGFS combined with a 4°C Intergovernmental Panel on Climate Change (IPCC) SSP3-7.0 aggressive physical scenario. Transition risks are less relevant compared to the significance of physical risks in a 4°C world.

Data inputs into the 1.5°C and 2°C scenarios are similar in terms of population, Gross Domestic Product (GDP) growth and electricity generation fuel mix in 2050. Where they differ is how fast the transition happens, how quickly carbon sequestration is implemented, and the year emissions peak and reach net-zero. We also assumed physical risk would be in line with average scenarios under a 1.5°C transition scenario and in line with aggressive scenarios under a 2°C scenario[18]. The hothouse 4°C scenario is like the other two scenarios only in terms of population and GDP growth. This scenario is characterised by a slow and limited decarbonisation of its electricity generation mix in 2030 with progress further limited. Carbon sequestration uptake is low and late, and emissions never reach net-zero. More details on the key assumptions used in relation to our chosen scenarios can be found in the Appendix.

Our climate scenario analysis relies on large sets of assumptions at the core of the economic and climate models used. Whilst these offer an indication of the potential financial impacts on the Scheme's assets, the Trustees are conscious that the financial impacts may be far worse under all scenarios. No investment decision is made solely based on climate scenario analysis.

18 To reflect the variety of these different possible outcomes our climate data provider gives us two values out of the full distribution: the 50th quantile representing the mean outcome (average outcome) and the 95th quantile representing the high-end risk. These are respectively defined as average and aggressive scenario options.

Climate Value-at-Risk results and resilience of the Scheme's investment strategy

Our investment service provider, Aegon UK, ran and analysed our scenarios, assisted by MSCI. This was done by combining the impacts of the transition and physical climate risks to produce an aggregated climate VaR measure, based on the three transition scenarios discussed above. In addition to last year's scenario, Aegon UK has included MSCI adaptation of the scenarios to sovereign bonds, thus significantly increasing the data coverage and usefulness of this exercise compared to last year. Due to the large difference in output between different type of assets, we have broken down CVaR per asset class.

Table 5: Scenario analysis output for Aegon BlackRock LifePath Flexi, as of December 2023

Choice of three scenarios	Aggregated Climate Value at risk	Data coverage
Orderly transition (1.5°C)	**-8.9%**	**93.3%**
Equity and corporate fixed income	-10.0%	92.9%
Sovereign bonds	-2.8%	95.0%
Disorderly transition (2.0°C)	**-11.9%**	**93.3%**
Equity and corporate fixed income	-14.1%	92.9%
Sovereign bonds	-1.9%	95.0%
Failed transition, a hot-house world (4°C)	**-15.9%**	**93.3%**
Equity and corporate fixed income	-19.4%	92.9%
Sovereign bonds	-0.2%	95.0%

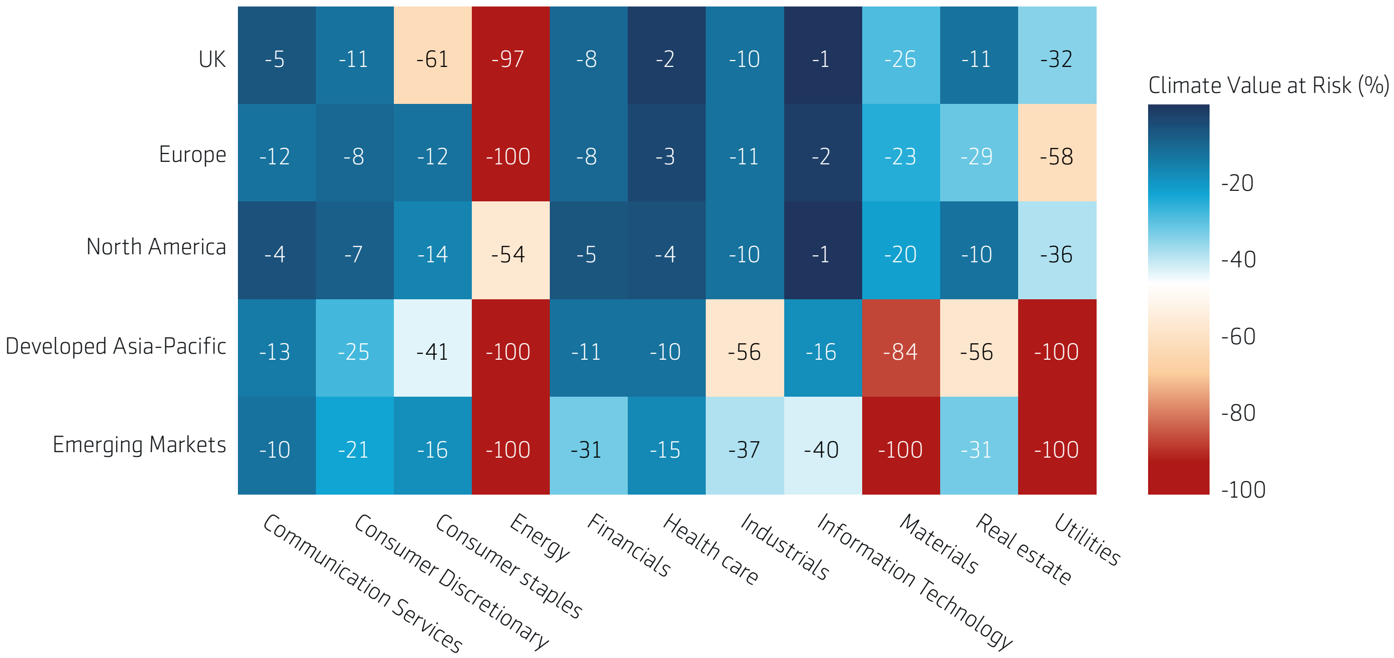
Source: Aegon UK using data from MSCI as at 31 December 2023

The key take-away from this analysis is that across all the scenarios considered, expected returns are lower than the 'climate-uninformed' baseline[19] due to negative climate risk impact over time. In short, scenarios projecting higher temperature have the worst impact on the portfolio's expected return. Indeed, the data suggests that significant changes in policy, investment and behaviour will be necessary to change global warming trajectory to a Paris-aligned outcome. Whether we experience an orderly, disorderly, or failed transition, there are likely to be significant changes in financial markets over the coming decades, which in turn could have a material impact on the Scheme's investment portfolios.

19 The Climate VaR measure is relative to a baseline scenario which is 'climate-uninformed', i.e. one where existing policies and past physical impacts are assumed to have been priced in by markets, but no future transition policies or physical risks are accounted for.

From Table 5, we note a reduction in the aggregated CVaR values compared with last year, which we attribute more to a change in asset valuation than a reduction in underlying climate risk. By grouping down Aegon Blackrock LifePath Flexi investments by economic sector (using MSCI GICS sector classification) and regions, we are able to identify more specifically which regions and which economic sectors are driving the funds' climate value at risk. Figure 3 summarises these impacts under the disorderly transition (2.0°C) scenario:

CVaR per country and sector



Source: Aegon UK using data from MSCI as at 31 December 2023

Regardless of the region, the Energy, Utilities and Materials sectors offer the higher risks, while the Emerging Markets and developed Asia-Pacific zone seems more exposed than others.

Data and methodological limitations

We identified a set of factors limiting the reach of this exercise:

- With the inclusion of sovereign debt, we increased data coverage from 68.5% to 89.8% this year. Nevertheless, limited data coverage and developing methodologies still affect how useful the CVaR metric is at the present time. We expect to see further developments in climate scenario modelling and data coverage across all asset classes in future years.
- The addition of sovereign bonds to the analysis significantly diluted the Scheme's CVaR from equity and corporate fixed income, giving a seemingly improved total picture of the impact of climate change on our Members' investments.
- The climate scenarios methodology does not capture the risk linked to systemic breakdown of supply chains. While it considers a company's own operations, many industries are organised in clusters with subcontractors and are dependent on timely externalised supply chains.
- The scenario analysis methodology assumes the funds will keep a consistent asset class and sector composition. We recognise this as a limitation, as future asset allocation of the funds may diverge from the current asset allocation.
- The scenario analysis of the Scheme is not fixed. It will change as climate science evolves, the market responds to climate change, and our own internal capabilities improve. For example, we expect to be able to run more granular CVaR for additional asset classes in future years.
- The approach to climate scenarios methodology would benefit from better integrating findings from economists and climate scientists. As noted by the Institute and Faculty of Actuaries[20] in June 2023, many climate-scenario models significantly underestimate climate risks. Carbon Tracker Initiative[21] also pointed out the disconnect between what scientists expect from global warming and what pension funds are reporting and prepared for. This is a concern for us the Trustees and we would welcome the further development of enhanced climate scenarios and tail-risk analysis.

Our climate strategy

We recognise that climate change poses risk and opportunities to the Scheme. As part of our fiduciary duty, we incorporate these considerations into all areas of our strategy. We are an indirect investor and rely on third-party fund managers to identify and influence the companies we invest in. We can drive positive change in two main ways, firstly through the investments we choose to allocate capital to and secondly through how we, directly or via our Scheme service provider, engage with our fund managers, climate data providers, relevant industry groups and policy forums.

20 Institute and Faculty of Actuaries and the University of Exeter, June 2023, Emperors New Climate Scenarios
21 Carbon Tracker Initiative, July 2023, Loading the Dice Against Pensions

Capital allocation aligned with our net-zero targets

- **We maintained our allocation to ESG screened or tilted funds and rolled out our new AMT Fund Range, offering a wider range of self-select funds with climate credentials to our Members.**

How and where we choose to invest can both mitigate climate-related risks in our portfolios – by excluding or tilting away from certain companies or sectors and favouring others – and accelerate carbon intensity reductions. As of March 2024, 92% of Aegon BlackRock Lifepath Flexi Early days funds are already incorporating ESG screens/or tilts. This Scheme year, we also provided more investment choices for our Members through our new AMT Fund Range.

Throughout the 2022-23 Scheme year, we had performed a strategic review of the **self-select funds available to Members**, with the assistance of our investment adviser, Isio. This review focused on expanding the range of self-select funds available to Members, in line with our commitment to include specialist funds which invest according to sustainable and/or responsible investment themes. This redesign provides Scheme Members with access to more investment choice and further integrates ESG considerations into the Scheme's investment offering. The AMT Fund Range was made available to Members during the Scheme year. Altogether, the AMT Fund Range now offers twenty-five self-select options on top of the three Aegon BlackRock LifePath default options, as outlined in the introduction.

Voting and engagement with asset managers

During the Scheme year we reviewed and improved how we convey our stewardship expectations with fund managers by rolling out our new 'expression of wish' process and we engaged with fund managers on better alignment with our net-zero targets.

- **We engaged with our fund managers to increase alignment with our net-zero targets**

During the Scheme year, we leveraged Aegon UK's net-zero transition plan, its climate roadmap, to bring to life our objective for Aegon BlackRock LifePath Flexi to reach net-zero emissions by 2050 and to halve its carbon footprint by 2030.

Our annual fund manager monitoring highlighted an increase in our assessment of the Scheme's fund managers compared with last Scheme year, Nevertheless, climate scored the lowest out of all categories assessed, which also reflected on our more in-depth questions included in this year assessment (such as around fossil fuel exposure, biodiversity, just transition and net zero voting and engagement practices).

We're making good progress on engagement with fund managers:

- Following the annual update Blackrock provided to the Trustees in Nov 2023, the Trustees felt there remained some gaps from Blackrock against the Scheme's Responsible Investment Policy and opportunities to align further with the Trustees' climate goals and public targets. The Trustees directly requested Blackrock to provide comprehensive reporting and progress against net zero targets and support effective stewardship through better alignment with voting through the 'expression of wish' approach. The Trustees welcomed the addition of sovereign emission and corporate scope 3 in Blackrock's reporting to the Trustees. The Trustees and Aegon continue to monitor and tracking progress from Blackrock on these short-term deliverables.

- **We implemented a new 'expression of wish' process for the 2023 voting season where we shared our voting preferences covering key climate-related resolutions with our key fund managers.**

The Trustees expressed their voting preferences on most significant votes through their 'expression of wish' approach and engaged with key managers ahead of the votes to share their views and encourage manager support for the Trustees' voting preferences. The Trustees monitored managers' alignment with their preferences after the company annual general meeting (AGM) and engaged or escalated with fund managers where they noted divergence.

Table 6 below provides details of the Trustees' significant votes within the Scheme year. The trustees have selected their most significant votes taking into account significant holdings within the Scheme and alignment with Trustees' engagement priorities. Most significant votes selected by the Trustees focussed on climate, reflective of the Scheme's climate ambition and net zero commitment. They were also high-profile votes, as featured under ShareAction's resolutions to watch in 2023.

During the Scheme year, we introduced our new 'expression of wish' approach, which consists of non-binding requests for our fund managers to vote in a certain way on most significant votes, to support coherence of our stewardship impact. We engaged with our key fund managers prior to the company annual general meeting (AGM) to share our voting preference and encourage their support for our voting preferences.

Table 6: Scheme's 2023-2024 most significant voting resolutions

Company	Resolution	Trustee priority engagement theme	Approx size of company within the Scheme	Trustee EoW	Trustee EoW rationale	Outcome of vote
Glencore	Thermal coal production alignment with emissions reductions commitments	Climate	0.16%	For	We observed a lack of clarity on how Glencore will manage decline of fossil fuel portfolio, per their public commitments	29.22% support
Shell	Report on GHG emissions targets	Climate	0.48%	For	We note the company's current scope 3 intensity target covering Scope 3 for 2030 is not yet Paris-aligned (Scope 3 emissions accounts for over 90% Shell's Scope 1,2 & 3 emissions)	20.2% support

Company	Resolution	Trustee priority engagement theme	Approx size of company within the Scheme	Trustee EoW	Trustee EoW rationale	Outcome of vote
An oil and gas company	Adopt GHG reduction targets	Climate	0.23%	For	The company's existing aims covering Scope 3 do not equate to Paris-aligned targets for all BP's Scope 3 emissions by 2030	16.75% support
United Parcel Service	Set science-based targets	Climate	0.07%	For	We believe it is important that carbon-intensive companies, such as the transportation sector, commit to science-based emissions reduction targets evaluated by a reputable organisation and/or against a reputable framework	20.4% support
An American multinational investment bank	Limit high carbon financing	Climate	0.06%	For	Banks both have a huge role to play in climate change, with some already adopting policies phasing out financing of new oil and gas fields and coal mines	10% support
An American Insurance company	Adopt underwriting policy in line with IEA Net Zero Scenario	Climate	0.03%	For	We believe the company should demonstrate more meaningful progress on its plan and measurement in respect of Scope 3 emissions	28.93% support

Source: Aegon UK

BlackRock as the Scheme's default fund manager and two other Scheme fund managers were assessed by the Trustees to consider their level of voting alignment. The Trustees found that HSBC and Aegon Asset Management voted in line with the Trustees' preferences, in all instances where the manager held the relevant company. BlackRock's voting behaviour diverged from the Trustees' 'expression of wish' on company shareholder resolutions, however for one company they took alternative action and leveraged a management resolution (i.e. 'Say on Climate') to seek more ambitious climate progress from a company. In this instance, the Trustees were satisfied with this alternative method of escalation.

The Trustees engaged with BlackRock to understand other areas of discrepancies between the manager's voting behaviour and the Trustees' vote preferences. Key topics of discussion included the impact of the quality and prescriptiveness of the shareholder resolutions on BlackRock's support for these, the concern about negative financial impacts to companies and shareholders from the resolutions, as well as understanding and challenging the level of progress by companies on the relevant topics.

The Trustees concluded overall, there is further scope for asset managers to support clearer disclosures and accountability by companies to ensure long-term financial interests of Scheme members. BlackRock are in the process of developing a new decarbonisation stewardship policy, which Aegon UK is contributing to and has the potential to further align BlackRock's voting with the Trustees' expectations. The Trustees will also continue to build on their 'expression of wish' and annual manager monitoring process in the next Scheme year, to maximise their influence on their asset managers.

- **We ran an initial nature risk portfolio analysis and adopted nature as one of our key engagement themes**

During the Scheme year, we carried out sectoral and issue-level analysis across the Scheme. For example, leveraging high-risk subsectors defined by Nature Action 100, we found that over 14% of the Scheme is made up of sectors at risk of adversely impacting nature and biodiversity. We were also able to identify companies in the Scheme relevant to the four major commodities behind deforestation: palm oil, soybeans, beef and timber. Based on this analysis, we elevated nature as one of our key engagement themes and sought to expand our knowledge, taking action to develop our engagement with fund managers on this topic.

Our latest iteration of our fund manager monitoring exercise included a question on biodiversity which allowed us to identify fund manager best practice and engage where relevant.

We expect to make further progress on our nature analysis next year, collaborating with industry groups and data providers, and further engaging with our fund managers to drive change.

Risk management

In this section we will:

- explain our processes for identifying and assessing climate-related risks relevant to the Scheme
- describe how climate risks are managed through our responsible investment and stewardship activities, in particular our fund managers' annual responsible investment oversight process
- illustrate how we are evolving our Risk Register and Climate Risk Dashboard to better identify and manage key areas of climate risks

Identification, assessment and management of climate risks

We, the Trustees, are committed to giving climate risks due consideration, in order to protect and grow returns for our Members. We firmly believe a forward-looking approach is required to capitalise on the opportunities the climate transition brings. Beyond climate change risks, we recognise that better climate risk management is about being good stewards of our Members' assets, which ultimately may bring positive benefits to society. As outlined in the governance section of this TCFD report, we keep up to date with the latest climate change concepts and emerging climate risk topics through responsible investment teach-ins. We recognise the four principles of interconnections, temporal orientation, proportionality and consistency when considering integration of climate-related risks, as highlighted in DWP Statutory Guidance.

Climate risks and opportunities can be identified and assessed at any point during the annual business planning cycle. They are also formally integrated into our overall risk management framework, our Scheme Risk Register, so we are able to make informed management decisions. We also benefit from the risk management processes and expertise of the Aegon UK and Aegon Group. These include:

- Aegon UK's Risk team maintains an enterprise risk management (ERM) framework, which includes processes to identify risks, assess their impacts and then set appropriate risk appetite, tolerance and policies. The framework is aligned with our views on climate risks and we are able to make use of results of these exercises, as well as in the in-house knowledge of experts within the Aegon UK Risk team.
- Aegon Group's business environment scan, which captures new and emerging risks which could have a significant impact on the group's financial strength, competitive position or reputation. It functions as a check on the ongoing appropriateness of Aegon's risk universe and can be leveraged by the Scheme to provide input for ongoing strategy development. Climate change and loss of biodiversity are explicitly covered under the business environment scan process.

We manage climate-related risks through our responsible investment and stewardship activities. Fund manager monitoring, oversight and engagement is a key part of how we manage climate risks. Every year, we send a responsible investment questionnaire to all fund managers. Their answers help us monitor and assess their climate credentials, including how they are managing climate risks. Regular discussions with our fund managers ensure we stay up-to-date and aligned with their approach to climate related risks. At minimum, fund managers must comply with our **climate requirements and voting and engagement expectations**. For more information on how climate-related risks are integrated into our capital allocation, stewardship and engagement activities, please refer to the strategy section.

Our Scheme Risk Register

The Aegon UK Risk team reviews the risk ratings on the Scheme Risk Register so the Trustees can take appropriate actions if a specific risk is not on target. Each quarter Aegon UK produces a heat map of any risk(s) that are not on target, with associated commentary for the Trustee Board. As part of this process, we split out the greenwashing risk into two categories of risk to differentiate marketing and communication risk from fund manager governance risk and assessed these in this Scheme year:

1. **Climate change risk:** the risk that climate risk is not accurately reported or managed with effective actions in order to avoid greenwashing across the Scheme.
2. **Greenwashing risk (marketing and communication):** the risk that the Scheme's marketing makes sustainability related claims that are misleading, not reasonable and substantiated through underlying practices.
3. **Greenwashing risk (fund manager governance):** the risk that we select funds which include sustainability claims that cannot be substantiated.

Climate change risk is rated as yellow for the Scheme. This is because of the significant impact of unmitigated climate change on the global economy and associated impact on the Scheme's investments.

Both **marketing & communication greenwashing risks** and **fund manager governance greenwashing risks** were rated as green, following the approval of the Scheme's Responsible Investment Policy. These risks are managed on a day-to-day basis through our investment service provider Aegon UK's Responsible Investment Policy and strategy, its associated monitoring of practices, its responsible investment team expertise and its marketing compliance processes. We also manage this risk through our continued training and education.

Our Climate Risk Dashboard

Isio and Aegon UK provide advice and support to the Scheme's Investment Sub-Committee on maintaining and upgrading the Scheme's Risk Register. Other updates to the Climate Risk Dashboard during the Scheme year include:

- Adding a carbon intensity metric tailored to sovereign bonds and a corresponding coverage measure
- Splitting greenwashing risks into two new risks ratings

The metrics in the Climate Risk Dashboard represent the whole Scheme portfolio (Aegon BlackRock LifePath default arrangements, AMT Fund Range and bespoke section), as described in the introduction. Definitions of the metrics used are provided in the metrics and targets section of this document. We recommend considering metrics together rather than drawing conclusions from a single metric, which is unlikely to provide a comprehensive picture[22].

22. Climate data is supplied by MSCI and reported for funds where data is available. Climate metric information is derived from and based on reported, verified or estimated emission data, and other data, at the reporting date. Climate data, metrics and methodologies continue to evolve and we expect that reporting frameworks will, in time, become standardised. As a result, reported information may be-restated in the future as more and better climate data becomes available, in line with market best practice and regulations.

Table 7: The 2023-24 Climate Risk Dashboard represents the whole of the Scheme portfolio and is used to identify and better manage key areas of climate risks.

Scheme's Climate Risk Dashboard		2022	2023
Absolute emissions metrics			
Absolute emissions	Scope 1 & 2 tonnes CO_2e	237,680	253,946
	Scope 3 tonnes CO_2e	1,538,494	1,634,222
Carbon intensity metrics			
Carbon footprint	Scope 1 & 2 tonnes CO_2e/£M EVIC	58.5	45.4
	Scope 3 tonnes CO_2e/£M EVIC	411.3	325.2
Weighted average carbon intensity (WACI)	Scope 1 & 2 tonnes CO_2e/£M sales	141.6	109.8
	Scope 3 tonnes CO_2e/£M sales	960.8	829.7
Sovereign debt carbon intensity	tonnes CO2e /£M GDP-PPP	n/a	236.8
Portfolio alignment metric			
Implied temperature rise (degree Celsius °C)		2.6°C	2.2°C
Additional climate metrics			
Data quality (% total portfolio)	Scope 1 & 2 Emissions – Estimated	13%	11%
	Scope 1 & 2 Emissions – Reported	59%	66%
	Scope 1 & 2 Emissions – Not covered	27%	23%
	including: sovereign debt coverage	*0%*	*16%*
Other climate metrics			
% of investments with approved Science Based Target initiative (SBTi) targets (1.5°C aligned net zero targets)		21.4%	26.3%
% of investments aligned with climate opportunities[23]		5.2%	8.5%
Investment value-at-risk: (MSCI 2°C NGFS REMIND Disorderly Scenario)	Physical risks	-6.7%	-7.0%
	Transition risks	-12.7%	-5.5%
	Transition opportunities	+0.7%	+0.5%
	Aggregate climate risks	-18.7%	-12.1%

23. We define climate opportunities as companies identified as "solution" under MSCI's Low Carbon Transition Category metric.

Scheme's Climate Risk Dashboard		2022	2023
Risk self-assessment			
Climate change risk self-assessment		Yellow rating	Yellow rating
Greenwashing risk self-assessment		Yellow rating	Green rating
Targets monitored			
Commitment #1	Net zero GHG emissions across Aegon BlackRock LifePath Flexi by 2050		
Ambition #1	Halving emissions across Aegon BlackRock LifePath Flexi by 2030		

Source: Aegon UK using data from MSCI as at 31 December 2023

We note that climate data trends may change as disclosure and data coverage improve. This is particularly true this Scheme year: the absolute emissions and carbon intensity metrics have increased, which may be explained by our improved data coverage and additional inflows into the Scheme. Scope 3 emissions are estimated by our data provider, and we expect to be able to report on data coverage of scope 3 emissions in future Scheme years. The increase in data availability and data coverage explains the large increase in the proportion of investments with approved Science Based Targets initiative[24] targets and the proportion of investments aligned with climate opportunities.

Case study

Engagement and collaboration with MSCI

We are in regular dialogue with our climate data provider MSCI, via Aegon UK, with the aim of improving the data we have access to. Beyond benefits to the Scheme analysis, we believe communication with our data providers is a key part of Aegon UK, our service provider to support market-wide decarbonisation, as an asset owner. During the Scheme year, we fed in on proposed improvements to the implied temperature rise (ITR) model; an updated model was then released in July 2023. We will continue to push for further improvements. Specifically, we requested clarity on the data quality criteria and the checks and testing around scope 3 emissions, which serve as an input into ITR model.

Separately, Aegon UK took time to consider and discuss external criticism and challenges on the shortcomings of climate scenarios with MSCI. We are clear that there needs to be better communication and understanding of the assumptions that are included in climate scenario models. Following our engagement, MSCI indicated that the next generation of scenario models will likely include macro-economic factors and supply chain risks (i.e. going beyond a company's own operation and considering the effect of climate on its suppliers and the suppliers of its suppliers). We will continue to work with MSCI and provide comments and feedback to help the development of such models.

Overall Aegon UK has received positive feedback from MSCI who now come to them proactively for product development input. We will continue to monitor the data quality and services of our data provider and seek opportunities to influence the availability of critical data across the pension sector. We will also continue to use MSCI's products to gain greater insight into our portfolio and its exposure to responsible investment risk factors to help in making investment decisions.

24. The Science Based Targets initiative was established in 2015 to help companies to set emission reduction targets in line with climate science and Paris Agreement goals.

Metrics and targets

In this section we set out:

- climate metrics for the Scheme's main default arrangement, including for Members at different stages of their retirement journey
- progress against the emission targets we have set for the Scheme's main default arrangement
- our progress on improving data coverage and priorities going forward

Description of metrics

The climate metrics and targets in this section apply to the popular arrangement offered by the Scheme, as specified by the DWP Statutory Guidance. For the Scheme this is the Aegon BlackRock LifePath Flexi default arrangement. We believe that climate metrics are a valuable tool to assess climate-related governance, strategy and risk management across the Scheme and to hold us, as Trustees, accountable to the targets we have set on behalf of our Members.

In the table 8 below we set out the metrics used to assess climate-related risks and opportunities aligned with our strategy without the Scheme's popular arrangement. Climate data is supplied by MSCI and reported for funds where data is available and calculated as of 31st December 2023. Climate metric information is derived from and based on reported, verified or estimated emission data, and other data, at the reporting date. Climate data, metrics and methodologies continue to evolve and we expect that reporting frameworks will, in time, become standardised. As a result, reported information may be-restated in the future as more and better climate data becomes available, in line with market best practice and regulations.

Greenhouse gas (GHG) emissions are calculated in line with the GHG Protocol, with emissions categories split into three distinct 'scopes', as defined by the GHG Protocol Corporate Standard[25].

- **Scope 1** emissions are direct GHG emissions that occur from sources owned or controlled by the reporting company, for example company facilities.
- **Scope 2** emissions are indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company.
- **Scope 3** emissions include all other indirect GHG emissions, not included in scope 2, that occur in the value chain of the reporting company, such as business travel, employee commuting and use of sold products.

Our reported climate metrics use carbon dioxide equivalents (CO2e) as a unit of measurement, which standardises the climate effects of various greenhouse gases[26]. The emissions metrics used are apportioned to Enterprise Value Including Cash (EVIC) expressed in British pounds, meaning that we allocate 'ownership' of GHG emissions across the total capital structure of the issuing company (equity and debt).

25. PCAF (2020). The Global GHG Accounting and Reporting Standard for the Financial Industry (https://ghgprotocol.org/) First edition, published 2020, accessed February 2024
26. Department for Work and Pensions (June 2022), Statutory guidance: Governance and reporting of climate change risk: guidance for trustees of occupational schemes

Scope 1 and 2 emissions are either reported or estimated by our data provider, MSCI, as detailed in table 10. Scope 3 are solely estimated emissions, based on MSCI's proprietary estimation model. This model covers over 8,800 companies, across all Global Industry Classification Standard (GICS) sectors and includes 15 scope 3 categories relating to different parts of the corporate value chain, such as business travel, the use of sold products or waste generated in operations[27].

Climate data and reporting of emissions information, such as carbon footprint (see description below), is more established for listed equity and corporate fixed income. These are also our most material asset classes, representing over two thirds of the Scheme's asset under management. However, for this Scheme year, we were also able to report on emissions associated with sovereign debt, expressed by the sovereign debt carbon intensity. This metric, specific to sovereign debts, follows the PCAF methodology to allocate country emissions to sovereign debt instruments. The case study on the following page details how the Trustees contributed to guidance on sovereign debt instruments via the IIGCC working group that Aegon UK co-chaired.

Table 8: Description of the climate metrics used for our default arrangement Aegon BlackRock LifePath Flexi

DWP metric category	Climate metric	Description	Asset classes covered	Emission scopes
Absolute emissions	Total carbon emissions (tonnes CO_2e)	Measures the carbon emissions for which an investor is responsible by their total overall financing. Emissions are apportioned across all outstanding shares and bonds (% Enterprise value including cash).	Listed equity, real estate investment trusts and corporate fixed income	Scope 1, 2 and 3
Emissions intensity	Carbon footprint (tonnes CO_2e / £M invested)	Measures the carbon emissions, for which an investor is responsible, per million of British pounds invested, by their total overall financing. Emissions are apportioned across all outstanding shares and bonds (% enterprise value including cash).	Listed equity, real estate investment trusts and corporate fixed income	Scope 1, 2 and 3
Emissions intensity	Sovereign debt carbon intensity (tonnes CO2e /£M GDP-PPP)	Measures the scope 1 production emissions of our sovereign debt investments, relative to the amount invested. The emissions for each country are apportioned using gross domestic product (GDP), adjusted for purchasing power parity (PPP), as recommend by the Partnership for Carbon Accounting Financials (PCAF).	Sovereign debt	Scope 1

27. A Major Step Forward for Scope 3 Carbon Emissions (www.msci.com), published October 2020, accessed February 2024

DWP metric category	Climate metric	Description	Asset classes covered	Emission scopes
Additional metric	Data coverage (%)	**Emissions – Estimated (%)**: emissions estimated by MSCI using sector analysis. **Emissions – Reported (%)**: emissions reported directly by companies and collected by MSCI. **Emissions – Not covered (%)**: No scope 1 or 2 emissions data reported/estimated. **Sovereign debt coverage**: proportion of the portfolio invested in sovereign debt with sovereign debt carbon intensity.	All asset classes. Data coverage gaps may result from lack of available data for a particular asset class e.g. sovereign debt or holdings not publishing their emissions' data. Specific data coverage metric applies to sovereign debts	Scope 1 and 2
Portfolio alignment metric	Implied temperature rise	The implied temperature rise, expressed in degrees Celsius (°C), estimates the global implied temperature rise (in the year 2100 or later) if the whole economy had the same carbon budget over-/undershoot level as the fund or portfolio in question.	Listed equity and corporate fixed income (representing over 70% of assets for the default arrangement, see Table 13)	

Case study: Leveraging on Aegon UK industry advocacy

Institutional Investor Group on Climate Change's (IIGCC) Sovereign Bonds & Country Pathways working group:

Aegon UK co-chaired the IIGCC's Sovereign Bonds & Country Pathways working group. This group was set-up to help integrate sovereign debt into net-zero investment strategies. Currently there is no commonly accepted methodology to report on sovereign emissions, this is key if we want to reach net zero across all asset classes. About 16% of the Scheme (and 17% of its main default) is invested in sovereign debts, as of 31 December 2023. The working group is expected to publish a paper during 2024 that provides guidance on sovereign data and methodology for carbon reporting, target-setting guidance, as well as considerations around collective engagement for sovereign debt.

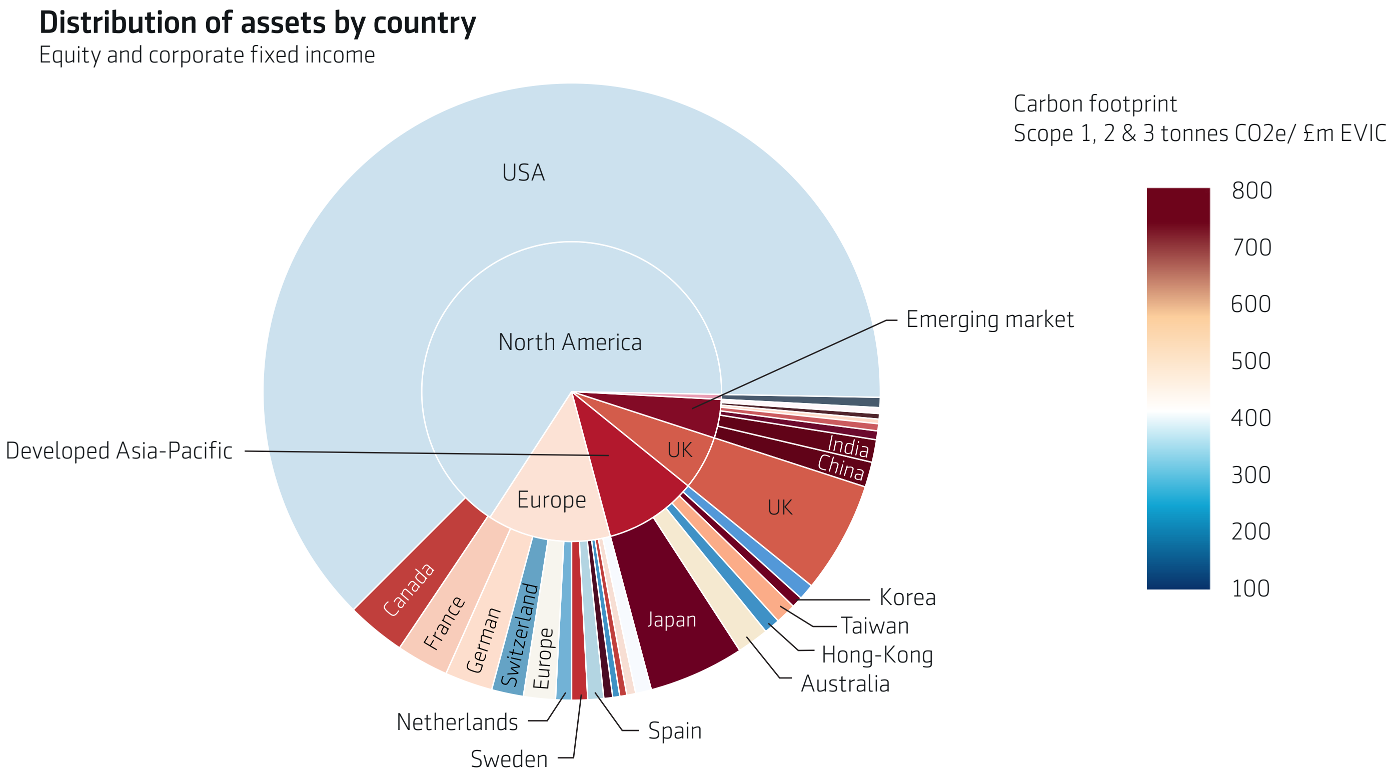
Net Zero Asset Owner Alliance (NZAOA) paper on expectations of asset managers:

Aegon UK co-led a paper under NZAOA on engagement expectations of asset owners for their fund managers. The paper, entitled Elevating Asset Manager Net-Zero Engagement Strategies, outlines expectations on governance and integration, climate engagement strategy, climate engagement practices, and transparency and accountability. This is an important and pivotal initiative as we believe it is critical that asset owners' long-term interests and aims are represented by their fund managers. For this to happen, fund managers must adopt and align with asset owners' engagement expectations. This will include applying transparent, and outcomes-oriented climate engagement strategies, which recognises that climate change poses systemic risks to asset owner portfolio returns.

Reported metrics for Aegon BlackRock LifePath Flexi

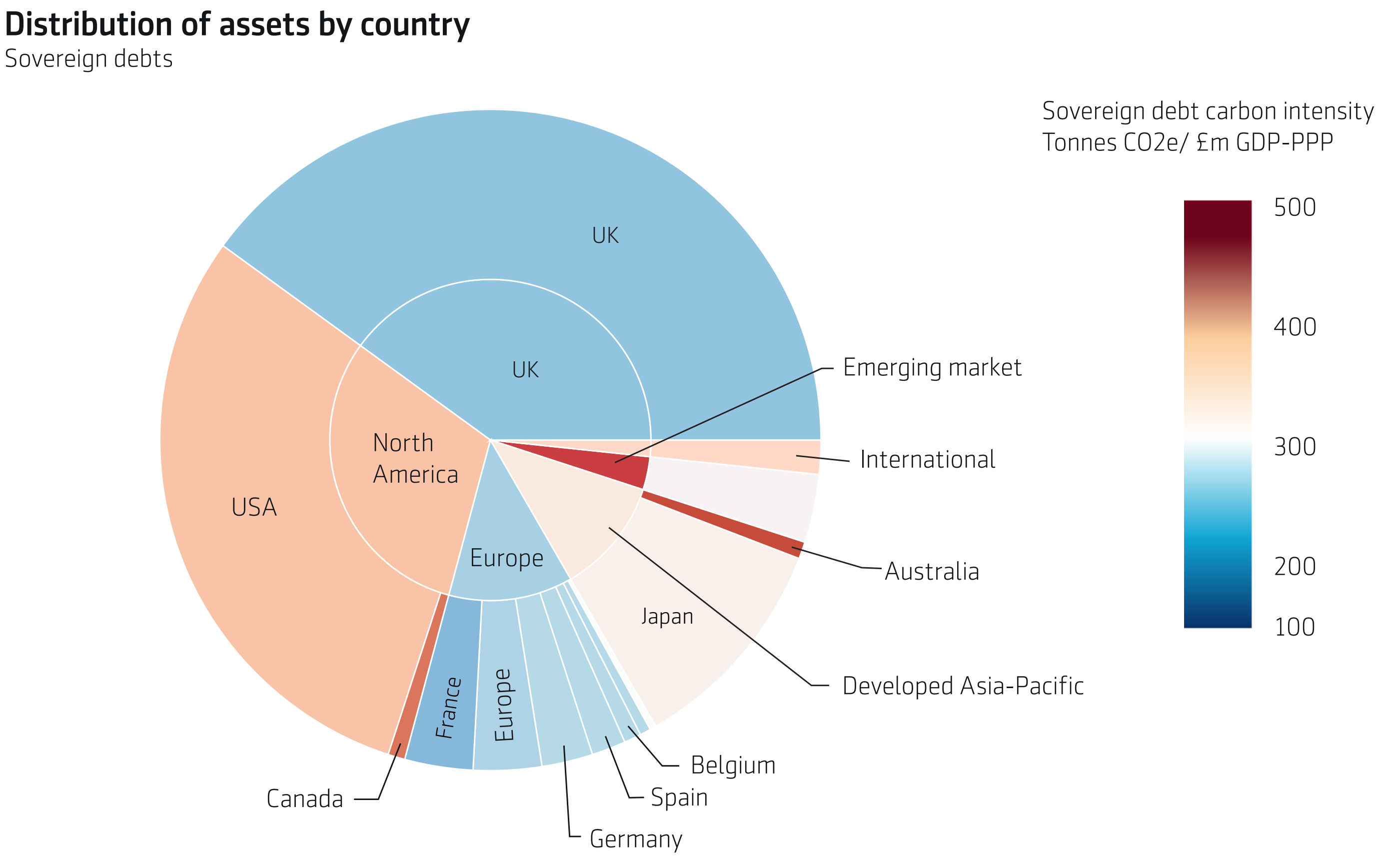
The Scheme's main default, Aegon Blackrock Lifepath Flexi, is strongly tilted towards listed equity (around 70%), sovereign debt (19%) and corporate fixed income (7%). Geographically, the Scheme's main default arrangement is primarily invested in the US (over 50%), the UK (over 17%) and Europe excluding the UK (13%), as of 31 December 2023. These splits are not applicable to individual Members: exact exposures will vary for each Member depending on their years to retirement.

Figure 4: Distribution of assets (equity and corporate fixed income) by country for Aegon Blackrock Lifepath Flexi and corresponding carbon footprint



Source: Aegon UK using data from MSCI as at 31 December 2023

Figure 5: Distribution of assets (sovereign debts) by country for Aegon Blackrock Lifepath Flexi and corresponding sovereign debt carbon intensity.



Source: Aegon UK using data from MSCI as at 31 December 2023

Table 9 below summarises the climate metrics for the Scheme's main default arrangement.

Table 9: Climate metrics for Aegon BlackRock LifePath Flexi

Climate metrics		2022/23	2023/24
Absolute emissions metric			
Absolute emissions	Scope 1 & 2 tonnes CO_2e	198,536	219,829
	Scope 3 tonnes CO_2e	1,284,179	1,398,748
Carbon intensity metric			
Carbon footprint	Scope 1 & 2 tonnes CO_2e/£M EVIC	56.2	44.9
	Scope 3 tonnes CO_2e/£M EVIC	393.5	318.5
Sovereign debt carbon intensity	tonnes CO2e /£M GDP-PPP	n/a	239.1
Portfolio alignment metric			
Implied temperature rise (degree Celsius °C)		2.6°C	2.2°C
Additional climate metric			
Data quality (% total portfolio)	Scope 1 & 2 Emissions – Estimated (%)	14%	11%
	Scope 1 & 2 Emissions – Reported (%)	60%	66%
	Scope 1 & 2 Emissions – Not covered (%)	27%	23%
	including: sovereign debt coverage	*n/a*	*17%*

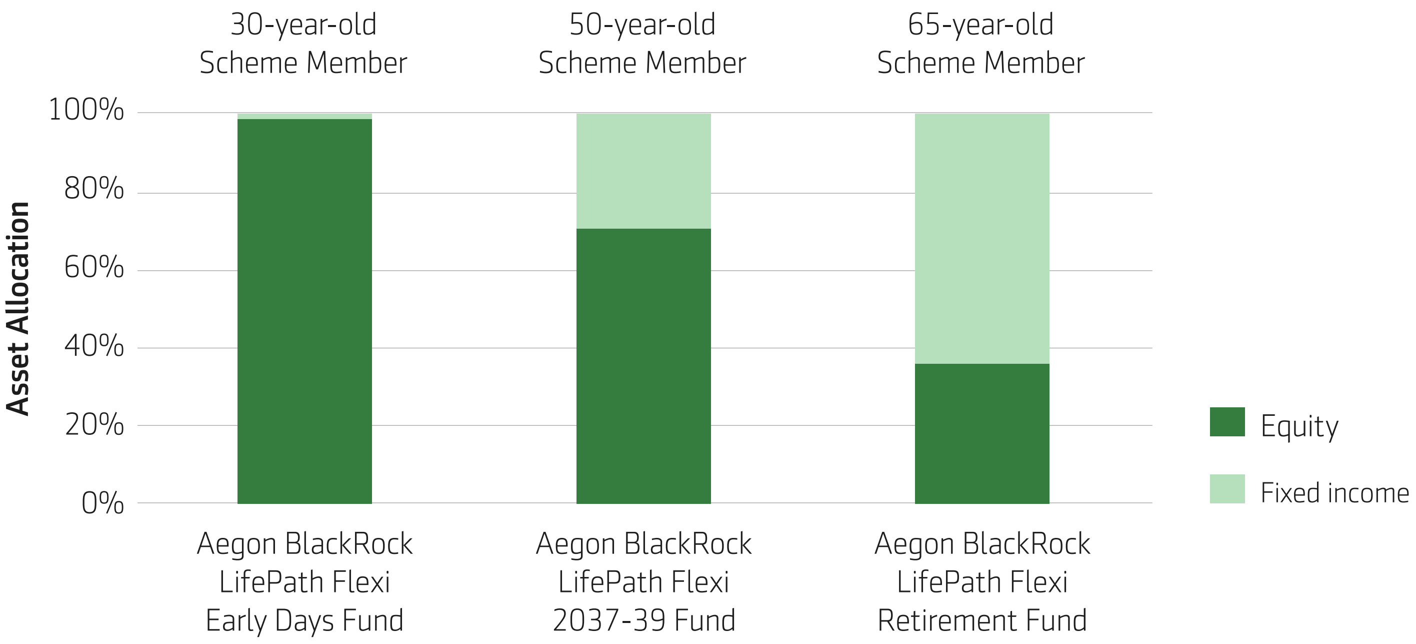
Source: Aegon UK using data from MSCI as at 31 December 2023

While the above data is helpful to understand the climate profile of the whole of Aegon BlackRock LifePath Flexi and to track progress against our net-zero target, the default arrangement is composed of funds that de-risk as a Member approaches retirement. The stage at which a Member is at in their journey towards retirement will affect the asset allocation of their individual portfolio. For example:

- A Member invested in the Aegon BlackRock LifePath Early Days fund will be invested in a portfolio of equity and equity-like instruments.
- A Member invested in the Aegon BlackRock LifePath At Retirement fund will be invested in predominantly fixed-income and similar instruments with a smaller equity component.

As a result, climate data will also vary depending on the asset allocation of a portfolio. For example, more ESG screens and/or tilts in growth stages of portfolios with higher allocation to equities is likely to result in a less carbon intensive profile. Similarly, a higher allocation to fixed income during the de-risking phase pre-retirement is typically associated with a less carbon intensive profile than an early-days Member, who will be more heavily invested in equities. One reason for this may be due to the higher proportion of assets, such as sovereign debt, with no associated carbon footprint. Consequently, we have also mapped the different carbon-intensity profiles of three Members aged 30, 50 and 65 in Figure 6 below. This is to demonstrate how carbon footprint metrics vary across different Members depending on the different risk profiles and asset classes they are invested in.

Figure 6: Asset allocation for the individual portfolios of three different Scheme Members invested in the Aegon BlackRock LifePath Flexi default.



Source: Aegon UK using data from MSCI as at 31 December 2023

Table 10: Climate data reflecting the individual portfolios of three different Scheme Members invested in the Aegon BlackRock LifePath Flexi default, including associated emissions' metrics

Aegon BlackRock LifePath Flexi Early Days Fund	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23
Scope 1 and 2 emissions coverage	98.0%	99.0%	99.0%	99.0%	98.4%
Financed carbon footprint Scope 1 and 2 tonnes CO2e/ £M invested EVIC	n/a	76.0	62.0	59.0	48.9
Financed carbon footprint Scope 3 tonnes CO2e/ £M invested EVIC	n/a	n/a	n/a	404.0	333.5
Sales carbon emissions intensity (Scope 1 and 2 CO2e/ £M sales)	208.0	188.0	166.0	139.0	115.2
Sales carbon emissions intensity (Scope 3 CO2e/ £M sales)	n/a	n/a	n/a	945.0	794.8
Sovereign debt carbon intensity (tonnes CO2e /£M GDP-PPP)	n/a	n/a	n/a	n/a	342.3

Aegon BlackRock LifePath Flexi 2037-39 Fund	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23
Scope 1 and 2 emissions coverage	67%	68%	67%	75%	78.9%
Financed carbon footprint Scope 1 and 2 tonnes CO2e/ £M invested EVIC	n/a	74	58	56	44.7
Financed carbon footprint Scope 3 tonnes CO2e/ £M invested EVIC	n/a	n/a	n/a	389	315.4
Sales carbon emissions intensity (Scope 1 and 2 CO2e/ £M sales)	226	192	166	138	109.8
Sales carbon emissions intensity (Scope 3 CO2e/ £M sales)	n/a	n/a	n/a	937	826.0
Sovereign debt carbon intensity (tonnes CO2e /£M GDP-PPP)	n/a	n/a	n/a	n/a	187.8

Aegon BlackRock LifePath Flexi Retirement Fund	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23
Scope 1 and 2 emissions coverage	43%	47%	48%	48%	45.7%
Financed carbon footprint Scope 1 and 2 tonnes CO2e/ £M invested EVIC	n/a	72	57	53	39.6
Financed carbon footprint Scope 3 tonnes CO2e/ £M invested EVIC	n/a	n/a	n/a	375	318.4
Sales carbon emissions intensity (Scope 1 and 2 CO2e/ £M sales)	242	198	178	141	95.5
Sales carbon emissions intensity (Scope 3 CO2e/ £M sales)	n/a	n/a	n/a	976	876.7
Sovereign debt carbon intensity (tonnes CO2e /£M GDP-PPP)	n/a	n/a	n/a	n/a	183.0

Source: Aegon UK using data from MSCI as at 31 December 2023

Analysis and limitations of climate metrics

We have reflected on 2023 metrics versus 2022 for Aegon BlackRock LifePath Flexi. Firstly, we note that absolute emissions have increased while carbon footprint has decreased compared to last year. The increase in absolute emissions can be explained in part by an increase in the size of the Scheme and by higher data coverage (up by 3.6% coverage), a positive development to ensure we make decisions with more complete climate information. Table 13 illustrates the data coverage split by asset classes for our portfolio and the efforts from Aegon UK, in collaboration with our data provider and fund managers, to continuously improve data coverage of the Scheme.

- Our data coverage is excellent for equity, corporate fixed income and real estate investment trusts, representing the majority of assets our Members are invested in.
- We adopted the PCAF methodology to track and report on sovereign debt emissions, which Aegon UK has implemented and which we have included in our metrics.
- There is no methodology to measure emissions from cash and cash-equivalent.

Table 11 Data coverage per asset classes for Aegon BlackRock LifePath Flexi

Asset classes	Data coverage measurement:	% coverage for Aegon BlackRock LifePath Flexi	% AUM of Aegon BlackRock LifePath Flexi
Equity	Scope 1 and 2 emissions covered in %)	99.6%	70.0%
Sovereign debt	Sovereign debt carbon intensity	98.7%	17.0%
Corporate fixed income	Scope 1 and 2 emissions covered in %)	96.4%	7.4%
Others (Funds, asset-backed securities)	Scope 1 and 2 emissions covered in %)	0.0%	4.4%
Cash and equivalent	Scope 1 and 2 emissions covered in %)	0.0%	0.9%
Real estate	Scope 1 and 2 emissions covered in %)	100.0%	0.3%

Source: Aegon UK using data from MSCI as at 31 December 2023

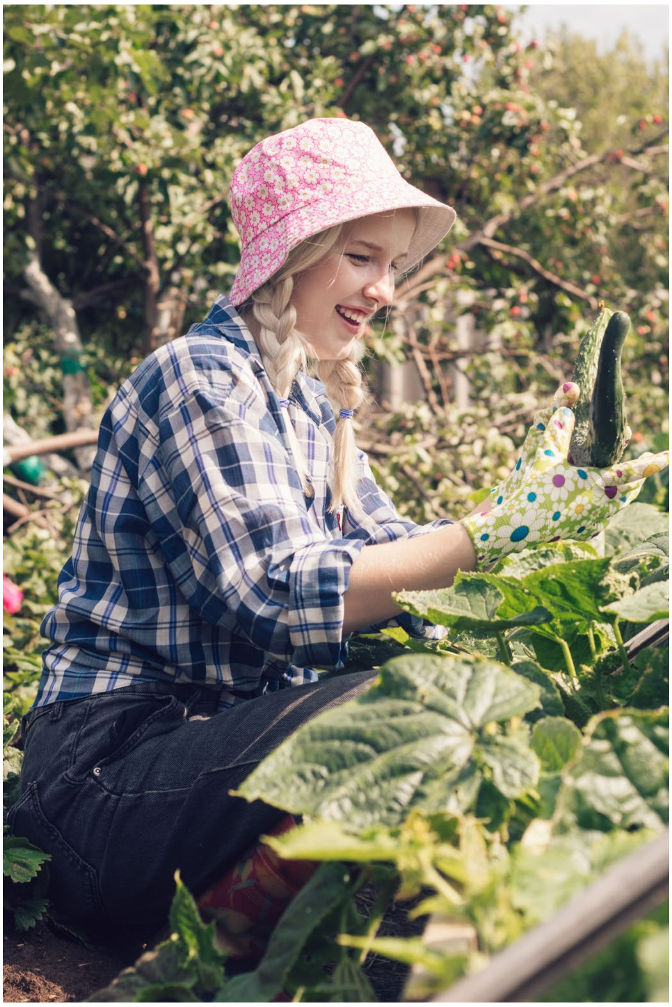
Secondly, we note a significant drop in carbon footprint, across scope 1 and 2 and scope 3 between 2022 and 2023 Scheme years. This drop can be attributable to several factors using the emissions' attribution analysis methodology issued by the Net Zero Asset Owner Alliance to analyse the drivers of the change observed year on year.

Interpretation of the carbon emission attribution analysis

Through the carbon emission attribution analysis of the fund, we found that the most significant contributors to the reduction in the Scheme's Scope 1 and 2 carbon footprint over the last Scheme year were:

- overall upward market movements, which translated into higher enterprise value including cash values
- passive changes in relative allocation to companies due to market movements and index rebalancing, resulting in increased or decreased relative investments in particular companies compared with last year
- divestments, most notably from Russia-based Energy and Material sectors

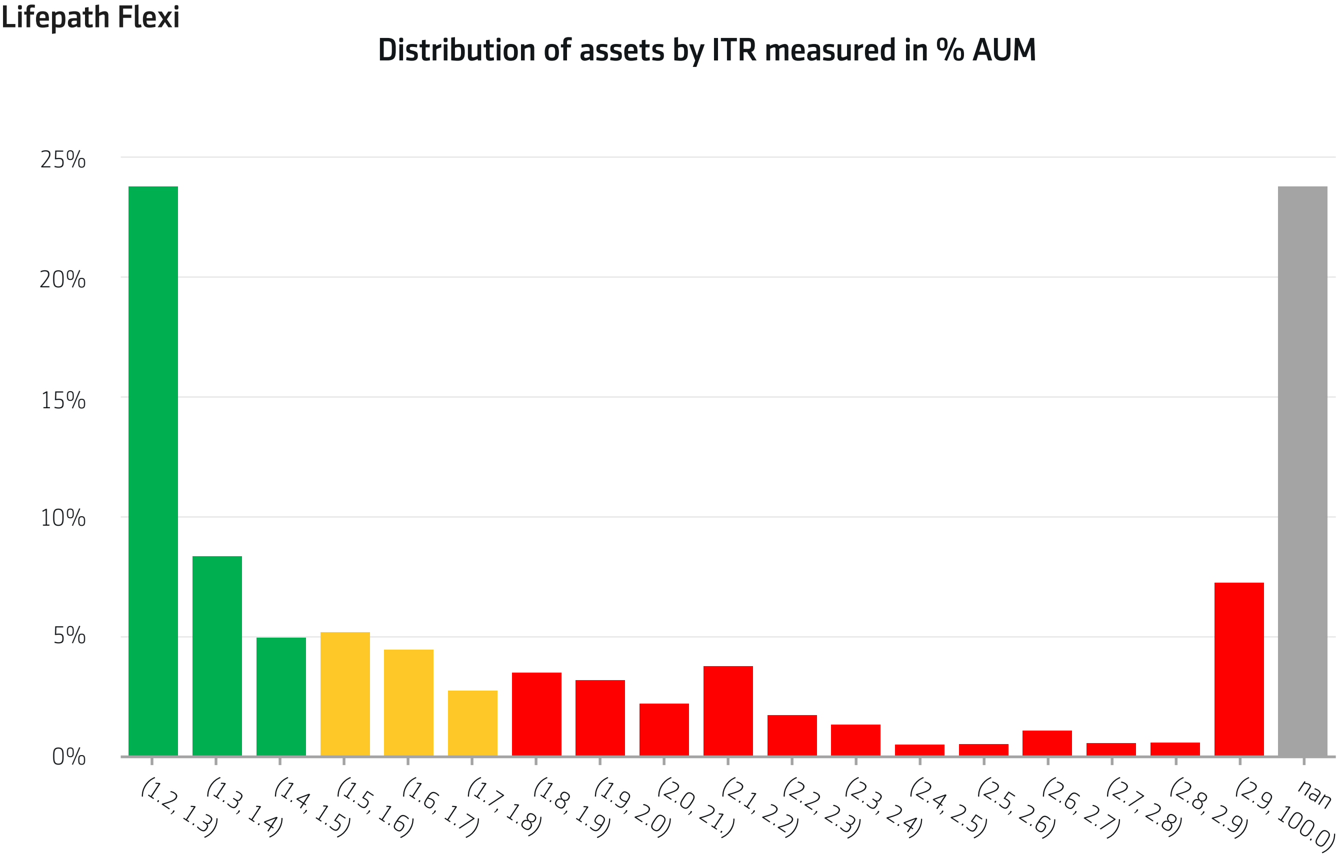
We interpret the effects of changes in allocation and divestment on the carbon footprint as a result of the tilts and screens implemented at building block level, as well as increased valuation of companies in the Energy and Material sectors, following favourable market movements. Our emission attribution analysis highlights that, during the Scheme year, the actual carbon emissions of the assets held have had an adverse effect on the Scheme's overall carbon footprint. This implies that overall, companies we are invested in did not reduce their own emissions, in particular companies in high-emitting sectors, and highlights the importance of engagement and stewardship activities to drive real-life decarbonisation.



Additional analysis

We note that the Scheme's main default is exposed to a diverse range of assets, some of which are aligned to a world below 1.5°C (as measured by MSCI implied temperature rise metric), but a large part is pointing towards a 2°C or above trajectory. Figure 7 summarises the breakdown of assets by buckets of implied temperature rise scores. The Scheme's drop in ITR against last year's value is more attributable to a change in MSCI's methodology (mentioned in the case study "Engagement and collaboration with MSCI" in the Risk section of this report) rather than a change in the composition of assets held or of the assets' improved alignment with a world below 1.5°C.

Figure 7: Distribution of assets by implied temperature rise (ITR) measured in %AUM for Aegon Blackrock Lifepath Flexi



Source: Aegon UK using data from MSCI as at 31 December 2023

Reflections on limitations

Finally, while having consistent data year on year is helpful to begin to understand the climate impact of the Scheme's main default arrangement, we remain mindful of key limitations to current data, as per the below:

- We are now reporting data for sovereign debt following the industry guidance on sovereign debt issued by the Partnership for Carbon Accounting Financials (PCAF)[28]. However, we note the metric differs from other asset class which limits its comparability.
- We do not have access to an in-depth view of the Scheme's investments prior to 2022. For prior years, we rely on data estimated by Aegon UK and converted from USD into GBP. We are hoping to build on this approach to construct a stable and consistent 2019 baseline.

28. Partnership for Carbon Accounting Financials (December 2022), The Global GHG Accounting and Reporting Standard for the Financial Industry

- Whether reported or estimated, the quality of emission data may vary:
  - MSCI do not verify emissions data, and their estimated emissions are based on companies within a sector that self-reports. Consequently, there may be some inaccuracies in the reported emissions data used to calculate the above metrics. There is currently no industry-wide company emissions auditing and common standard.
  - We acknowledge that widespread scope 3 emission reporting will take time. While the disclosure of scope 3 emission data is improving, there remains some concerns, including what different companies in a similar sector report on, what a single company chooses to include in their reported emissions from one year to another or how complete the scope 3 emissions are. We are exploring the development of MSCI's new scope 3 combined methodology to leverage the best of both reporting schemes and estimation models and improve confidence in our scope 3 reporting.
- We understand there are limitations regarding the calculation of implied temperature rise. In February 2023, our service provider, Aegon UK had fed into the MSCI implied temperature rise consultation to improve calculation methodology. Improvements, including aligning with a 1.5°C industry standard, were released during the Scheme year and are now reflected into this year's report. These improvements have translated into a reduction of the metrics computed. Despite these improvements, we still recommend considering implied temperature rise in conjunction with other metrics in this report.

Limitations specific to scenario analysis are addressed in the Strategy section of this report.

We recognise there is more to do to enhance our reporting capabilities. We will therefore continue to challenge Aegon UK and our data provider on the above, as well as contribute where possible to developing industry methodologies. We welcomed the year-on-year improvement in our analytical capabilities, in particular emissions' attribution analysis, sovereign emissions reporting and more granular climate scenario analysis per asset class and sectors. This level of insight allows us to assess our progress with more confidence as we set our future strategy and better identify where improvements on climate are needed. Regardless, greater transparency and consistency of emissions reporting would benefit comparability and progress across the industry[29].

Progress against our net-zero targets

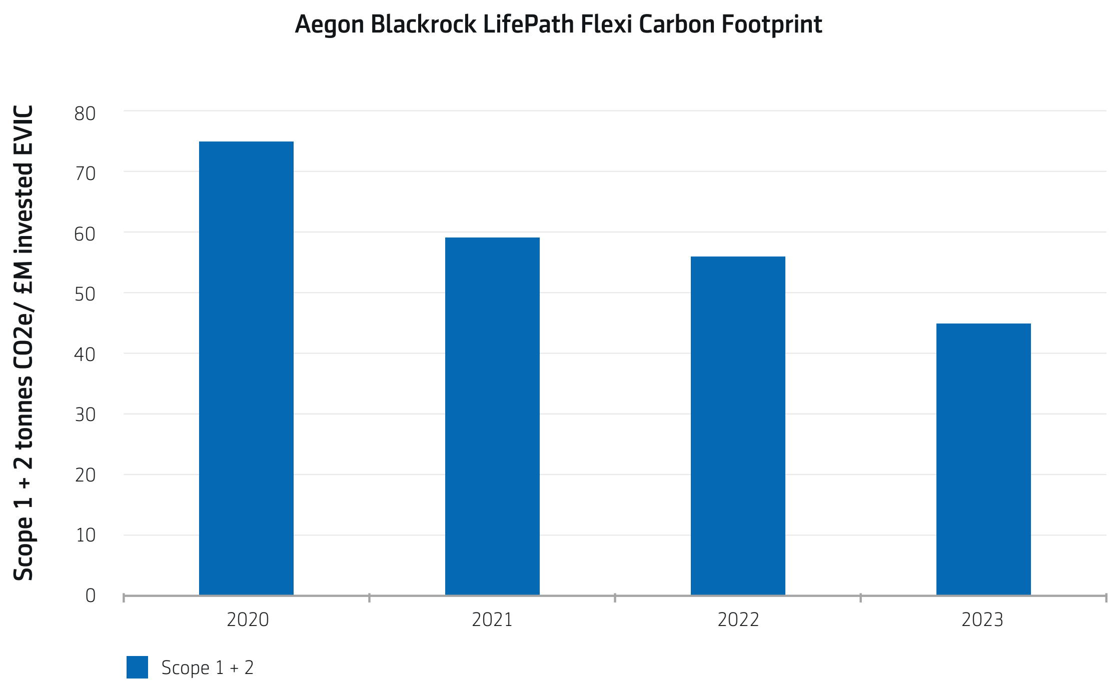
We have committed our main default arrangement to have net-zero greenhouse gas emissions by 2050. Furthermore, our medium-term net-zero target is to halve the carbon footprint of this fund by 2030 against a 2019 baseline, measured in tonnes of CO2 equivalent per millions of pounds invested using EVIC.

As the main default arrangement, Aegon BlackRock LifePath Flexi is where the majority of our Members are invested and where they expect us to have a robust approach to climate change management, on their behalf. Our net-zero targets are aligned with our fiduciary duty and responsible investment beliefs. Our targets apply to listed equity, corporate fixed income and real estate investment trusts for scope 1, 2 and 3 emissions. They do not apply to asset classes with no methodologies to account for emissions data when the targets were set (e.g. cash, sovereign debt at the time, commodities and alternative assets) but we expect that the scope of our target may widen to other areas of the Scheme over time.

29. Defined Contribution Investment Forum, The First Wave

The significant progress being made in relation to Aegon BlackRock LifePath Flexi 2050 net-zero target is shown in Figure 8 below, as at 31 December 2023. We estimate that the fund has reduced its carbon footprint by 40.4% between 2020 and 2023[30]. We are thus projected to meet our target to halve the fund's scope 1 and 2 footprint by 2030. Our new emissions attribution analysis indicates that the reduction comes from both allocation changes (72.5% of our default arrangement, Aegon BlackRock LifePath Flexi has ESG screens and/or tilts, as of December 2023) and market movements, with increases in asset valuations for some sectors since 2020. This analysis is crucial in helping us better identify the impacts and limits of our investment decisions. It also highlights how our stewardship and policy advocacy will be key to achieve our overall net-zero target.

Figure 8: Estimated evolution of Aegon Blackrock LifePath Flexi since 2020



Source: Aegon UK using data from MSCI as at 31 December 2023

We use a 2020 baseline calculated by Aegon UK as our data provider and fund manager are currently unable to provide a 2019 baseline. We recomputed the data for 2021 to align with the methodology used to calculate the 2020 baseline, hence the difference with data reported in our previous TCFD reports.

We note that BlackRock is also reporting to be on track to achieve its own decarbonisation target to halve carbon emissions intensity by sales across BlackRock Lifepath by 2029. We welcome this progress which directly supports our own targets.

We observe variability in Aegon BlackRock LifePath Flexi's scope 3 carbon footprint, which we tentatively estimate has reduced by 19% over the 2020-2023 period whilst coverage has increased from 73.3% to 77.4%. In the coming Scheme year, we are looking to reinforce our baseline methodology and confidence in estimated scope 3 emissions.

We do not expect the decarbonisation of Aegon BlackRock LifePath Flexi to be linear but instead expect year-on-year variations together with a general trajectory towards net-zero.

30. Scope 1 and 2 emissions for listed equities and corporate fixed income only, as per the scope of our current target

Looking ahead

We hope this report has provided insight into how we manage climate risks and opportunities for our Members. It is clear to us that climate management and associated disclosures are fast-evolving areas. Consequently, we will continue to review and assess our performance yearly, in line with new data, our Members' expectations, and market developments. We are pleased with Aegon BlackRock LifePath Flexi decarbonisation so far and we will continue to build on this progress to further drive improvements for Members.

We will continue to:

- Measure our decarbonisation progress and regularly review the strength of our net-zero targets, including by enhancing our 2020-2021 time series in next year's TCFD report to give better sense of progress against our net-zero target
- Monitor our fund managers' approach to climate risks and implementation of robust climate management, in line with our requirements and expectations, and challenge them where necessary
- Work in partnership with key service providers to improve the data we have access to for our climate-related decision making, such as by exploring the adoption of scope 3 combined methodology for scope 3 emissions

In the short-term we anticipate further progress for our Members to come from:

- Adopting a set of new voting guidelines to better articulate and formalise our high-level expectations of companies and voting considerations, with a focus on our updated engagement themes
- Extending our expressions of wish approach and reviewing the alignment of our fund managers with our expectations, in relation to most significant votes, for the 2024 annual general meeting season
- Continuing to upskill ourselves on emerging areas related to climate change, such as links to biodiversity loss, so we can improve how these are addressed in our investment strategy
- Engaging and challenging our fund managers on how they can further support the decarbonisation of the Scheme's default arrangement

In our view, climate change is a systemic issue: it requires global collaboration to transition the economy to net zero. We thus welcome market developments driving additional climate transparency and accountability. As per our fiduciary duty and our responsible investment beliefs, we will continue to encourage market collaboration towards common goals benefitting our Members' investments and the world they live in.

Appendix

The table below outlines the assumptions underpinning our 1.5°C orderly scenario, 2°C disorderly and 4°C failed transition scenarios in the strategy section[31].

Fund Name			1.5°C orderly scenario	2°C disorderly scenario	4°C failed transition scenario
World population	Peak year		2070	2070	2070
	in 2100 (million)		9019	9019	8990
GDP	Real GDP growth 2010-2100 (CAGR)		2%	2%	2.3%
Electricity generation by fuel source	2030 energy mix	% renewables	72%	41%	30%
		% nuclear	6%	6%	18%
		% gas	17%	26%	21%
		% coal	4%	28%	31%
	2050 energy mix	% renewables	94%	94%	50%
		% nuclear	3%	4%	15%
		% gas	3%	3%	15%
		% coal	0%	0%	20%
Carbon sequestration ($MtCO_2$/year)	Uptake (surpasses 5000 Mt/year)		2037	2050	2055
	Carbon sequestration peak (Mt/year)		8779	5926	12311
Low-carbon fuel sources in transport	2050 low carbon fuel sources (%)		26%	26%	4%
GHG emissions	Peak year		2020	2030	2020
	90% reduction achieved by		2045	2049	N/A
	Zero emissions achieved by		2055	2060	N/A
	Annual change – 2020-2030 (Compound Annual Growth Rate)		-7.1%	0.7%	-0.4%
	Annual change – 2020-2050 (Compound Annual Growth Rate)		-11.7%	-8.1%	-0.7%

31. MSCI ESG Research LLC (March 2022), Introduction to the Integrated Assessment Models and Shared Socioeconomic Pathways

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Appendix 6
Fund investment returns by share class

The tables below show returns delivered to 31 March 2024. Returns are shown as an annual geometric average.

LifePath
Lifepath Vintages

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon BlackRock LifePath 2034-2036	Class N (Gross)	13.33	3.61	6.19
	Class W	13.08	3.39	5.95
	Class J	13.15	3.45	N/A
	Class I5	13.10	3.41	N/A
	Class D	13.06	3.37	N/A
	Class P	13.12	3.42	5.98
	Class I1	13.33	3.61	6.19
	Class E	12.78	3.11	5.67
	Class H	13.00	3.31	5.88
	Class Q	13.06	3.37	5.93
	Class Y	12.89	3.21	5.77
	Class G	12.95	3.26	5.82
	Class I7	13.03	3.33	5.90

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon BlackRock LifePath 2037-2039	Class N (Gross)	14.57	4.44	6.95
	Class W	14.32	4.21	6.71
	Class J	14.39	4.27	N/A
	Class I5	14.34	4.23	N/A
	Class D	14.30	4.20	N/A
	Class P	14.35	4.24	6.75
	Class I1	14.41	4.29	6.80
	Class E	14.01	3.93	6.43
	Class H	14.24	4.14	6.64
	Class Q	14.30	4.19	6.69
	Class Y	14.13	4.03	6.53
	Class G	14.18	4.09	6.59
	Class I7	14.26	4.16	6.66

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon BlackRock LifePath 2040-2042	Class N (Gross)	16.09	5.37	7.72
	Class W	15.84	5.14	7.49
	Class J	15.91	5.20	N/A
	Class I5	15.86	5.16	N/A
	Class D	15.82	5.12	N/A
	Class P	15.87	5.17	7.52
	Class I1	15.93	5.22	7.57
	Class E	15.53	4.85	7.20
	Class H	15.76	5.06	7.41
	Class Q	15.82	5.12	7.46
	Class Y	15.64	4.96	7.31
	Class G	15.70	5.01	7.36
	Class I7	15.78	5.09	7.44

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon BlackRock LifePath 2043-2045	Class N (Gross)	17.42	6.22	8.47
	Class W	17.16	5.99	8.23
	Class J	17.23	6.05	N/A
	Class I5	17.18	6.00	N/A
	Class D	17.15	5.97	N/A
	Class P	17.20	6.02	8.26
	Class I1	17.25	6.07	8.32
	Class E	16.85	5.70	7.94
	Class H	17.08	5.91	8.16
	Class Q	17.14	5.96	8.21
	Class Y	16.96	5.81	8.05
	Class G	17.02	5.86	8.10
	Class I7	17.10	5.93	8.18

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon BlackRock LifePath 2046-2048	Class N (Gross)	18.71	7.06	9.17
	Class W	18.45	6.82	8.93
	Class J	18.52	6.89	N/A
	Class I5	18.48	6.84	N/A
Aegon BlackRock LifePath 2049-2051	Class N (Gross)	19.67	7.55	9.61
	Class W	19.41	7.32	9.37
	Class J	19.48	7.38	N/A
	Class I5	19.43	7.34	N/A
Aegon BlackRock LifePath 2052-2054	Class N (Gross)	20.41	7.98	9.93
	Class W	20.15	7.74	9.69
	Class J	20.22	7.80	N/A
	Class I5	20.17	7.76	N/A
Aegon BlackRock LifePath 2055-2057	Class N (Gross)	20.76	8.21	10.12
	Class W	20.50	7.97	9.88
	Class J	20.57	8.04	N/A
	Class I5	20.52	7.99	N/A
Aegon BlackRock LifePath 2058-2060	Class N (Gross)	20.89	8.24	10.13
	Class W	20.63	8.00	9.90
	Class J	20.70	8.07	N/A
	Class I5	20.65	8.02	N/A
Aegon BlackRock LifePath 2061-2063	Class N (Gross)	20.90	8.24	10.13
	Class W	20.63	8.00	9.90
	Class J	20.70	8.07	N/A
	Class I5	20.66	8.03	N/A

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon BlackRock LifePath 2064-2066	Class N (Gross)	20.90	8.24	10.14
	Class W	20.64	8.01	9.90
	Class J	20.71	8.07	N/A
	Class I5	20.66	8.03	N/A
Aegon BlackRock LifePath 2067-2069	Class N (Gross)	20.91	8.25	10.15
	Class W	20.65	8.02	9.91
	Class J	20.72	8.08	N/A
	Class I5	20.67	8.03	N/A
Aegon BlackRock LifePath 2070-2072	Class N (Gross)	20.94	8.26	10.16
	Class W	20.68	8.02	9.89
	Class J	20.74	8.05	N/A
	Class I5	20.69	8.04	N/A
Aegon BlackRock LifePath 2073-2075	Class N (Gross)	20.99	8.26	10.14
	Class W	20.75	8.03	9.89
	Class I5	20.79	8.04	N/A
Aegon BlackRock LifePath 2076-2078	Class N (Gross)	20.94	8.26	N/A
	Class W	20.65	8.00	N/A
	Class J	20.67	8.00	N/A
	Class I5	20.67	8.00	N/A
Aegon BlackRock LifePath Flexi	Class N (Gross)	8.01	0.03	2.84
	Class W	7.78	-0.19	2.60
	Class J	7.84	-0.11	N/A
	Class I5	7.80	-0.17	N/A

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon BlackRock LifePath Flexi 2022-2024	Class N (Gross)	7.96	0.27	3.27
	Class W	7.72	0.05	3.05
	Class J	7.78	0.11	N/A
	Class I5	7.74	0.07	N/A
Aegon BlackRock LifePath Flexi 2025-2027	Class N (Gross)	9.69	1.25	4.09
	Class W	9.45	1.03	3.86
	Class J	9.52	1.09	N/A
	Class I5	9.48	1.05	N/A
Aegon BlackRock LifePath Flexi 2028-2030	Class N (Gross)	11.03	2.16	4.83
	Class W	10.79	1.94	4.59
	Class J	10.85	2.00	N/A
	Class I5	10.81	1.96	N/A
Aegon BlackRock LifePath Flexi 2031-2033	Class N (Gross)	12.22	2.87	5.50
	Class W	11.98	2.65	5.27
	Class J	12.04	2.71	N/A
	Class I5	12.00	2.67	N/A
Aegon BlackRock LifePath Capital 2022-2024	Class N (Gross)	5.07	1.48	2.75
	Class W	4.79	1.20	2.46
	Class J	4.90	1.32	N/A
	Class I5	4.86	1.22	N/A
Aegon BlackRock LifePath Capital 2025-2027	Class N (Gross)	7.40	1.66	3.68
	Class W	7.11	1.38	3.38
	Class J	7.23	1.50	N/A
	Class I5	7.19	1.40	N/A

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon BlackRock LifePath Capital 2028-2030	Class N (Gross)	9.52	2.15	4.68
	Class W	9.24	1.88	4.39
	Class J	9.35	1.98	N/A
	Class I5	9.30	1.92	N/A
Aegon BlackRock LifePath Capital 2031-2033	Class N (Gross)	11.67	2.68	5.39
	Class W	11.38	2.42	5.10
	Class J	11.50	2.52	N/A
	Class I5	11.45	2.48	N/A
Aegon BlackRock LifePath Retirement	Class N (Gross)	2.59	-4.81	-1.83
	Class W	2.32	-5.09	-2.11
	Class J	2.50	-4.88	N/A
	Class I5	2.51	-4.95	N/A
Aegon BlackRock LifePath Retirement 2028-2030	Class N (Gross)	8.84	0.57	3.65
	Class W	8.61	0.35	3.40
	Class J	8.67	0.41	N/A
	Class I5	8.63	0.37	N/A
	Class D	8.50	0.28	N/A
	Class I6	8.46		
	Class P	8.64	0.38	3.45
	Class I1	8.78	0.46	3.52
	Class E	8.31	0.08	3.14
	Class H	8.53	0.28	3.35
	Class Q	8.58	0.33	3.40
	Class Y	8.42	0.18	3.24
	Class G	8.48	0.23	3.30

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon BlackRock LifePath Retirement 2031-2033	Class N (Gross)	11.64	2.71	5.40
	Class W	11.35	2.45	5.11
	Class J	11.46	2.52	N/A
	Class I5	11.42	2.46	N/A
	Class D	11.24	2.40	N/A
	Class I6	11.26	N/A	N/A
	Class P	11.43	2.52	5.20
	Class I1	11.48	2.57	5.26
	Class E	11.09	2.21	4.89
	Class H	11.32	2.41	5.09
	Class Q	11.37	2.46	5.15
	Class Y	11.21	2.31	4.99
	Class G	11.26	2.36	5.04

AMT Fund Range
Passive Equity

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon Global Islamic Equity Tracker (AMT)	Class D	29.28	N/A	N/A
	Class I10	29.21	N/A	N/A
	Class I11	29.14	N/A	N/A
	Class I2	29.48	N/A	N/A
	Class I4	29.43	N/A	N/A
	Class I5	29.38	N/A	N/A
	Class I6	29.36	N/A	N/A
	Class I7	29.33	N/A	N/A
	Class I8	29.26	N/A	N/A
	Class I9	29.23	N/A	N/A
	Class K	29.06	N/A	N/A
	Class O	30.00	N/A	N/A
	Class W	29.47	N/A	N/A
	Class Y	29.48	N/A	N/A

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon Global Small Cap Equity Tracker (AMT)	Class D	13.34	N/A	N/A
	Class I11	13.22	N/A	N/A
	Class I2	13.46	N/A	N/A
	Class I4	13.41	N/A	N/A
	Class I5	13.37	N/A	N/A
	Class I6	13.37	N/A	N/A
	Class I7	13.34	N/A	N/A
	Class I8	13.30	N/A	N/A
	Class K	13.15	N/A	N/A
	Class O (Gross)	13.70	N/A	N/A
	Class Y	13.37	N/A	N/A
Aegon Developed Markets Equity Tracker (AMT)	Class I10	19.46	N/A	N/A
	Class I11	19.42	N/A	N/A
	Class I2	19.72	N/A	N/A
	Class I3	19.58	N/A	N/A
	Class I4	19.62	N/A	N/A
	Class I5	19.57	N/A	N/A
	Class I6	19.57	N/A	N/A
	Class I7	19.54	N/A	N/A
	Class I8	19.51	N/A	N/A
	Class I9	19.48	N/A	N/A
	Class K	19.35	N/A	N/A
	Class O (Gross)	19.85	N/A	N/A
	Class W	19.73	N/A	N/A
	Class Y	19.54	N/A	N/A

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon Developed Markets ex-UK Equity Tracker (AMT)	Class O (Gross)	23.90	N/A	N/A
	Class I8	23.57	N/A	N/A
	Class I7	23.60	N/A	N/A
	Class I4	23.73	N/A	N/A
	Class I11	23.46	N/A	N/A
	Class I6	23.63	N/A	N/A
	Class D	23.59	N/A	N/A
	Class I5	23.63	N/A	N/A
	Class K	23.36	N/A	N/A
	Class I2	23.79	N/A	N/A
	Class O	23.90	N/A	N/A
	Class Y	23.83	N/A	N/A
Aegon Europe ex-UK Equity Tracker (AMT)	Class O (Gross)	13.15	N/A	N/A
	Class I8	12.88	N/A	N/A
	Class I7	12.91	N/A	N/A
	Class I4	13.03	N/A	N/A
	Class I11	12.79	N/A	N/A
	Class I6	12.93	N/A	N/A
	Class D	12.89	N/A	N/A
	Class I5	12.93	N/A	N/A
	Class I2	13.08	N/A	N/A
	Class O	13.15	N/A	N/A
	Class K	12.73	N/A	N/A
	Class Y	13.11	N/A	N/A

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon US Equity Tracker (AMT)	Class D	28.15	N/A	N/A
	Class I10	28.08	N/A	N/A
	Class I11	28.02	N/A	N/A
	Class I2	28.36	N/A	N/A
	Class I4	28.32	N/A	N/A
	Class I5	28.19	N/A	N/A
	Class I6	28.18	N/A	N/A
	Class I7	28.16	N/A	N/A
	Class I8	28.14	N/A	N/A
	Class I9	28.10	N/A	N/A
	Class K	27.95	N/A	N/A
	Class O (Gross)	28.47	N/A	N/A
	Class W	28.36	N/A	N/A
	Class Y	28.40	N/A	N/A
Aegon UK Equity Tracker (AMT)	Class D	7.65	N/A	N/A
	Class I11	7.54	N/A	N/A
	Class I2	7.82	N/A	N/A
	Class I4	7.77	N/A	N/A
	Class I5	7.69	N/A	N/A
	Class I6	7.69	N/A	N/A
	Class I7	7.67	N/A	N/A
	Class I8	7.62	N/A	N/A
	Class K	7.45	N/A	N/A
	Class O (Gross)	7.91	N/A	N/A
	Class Y	7.86	N/A	N/A

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon Emerging Markets Equity Tracker (AMT)	Class I11	6.73	N/A	N/A
	Class D	6.84	N/A	N/A
	Class I2	7.01	N/A	N/A
	Class I4	6.94	N/A	N/A
	Class I5	6.87	N/A	N/A
	Class I6	6.86	N/A	N/A
	Class I7	6.85	N/A	N/A
	Class I8	6.82	N/A	N/A
	Class K	6.69	N/A	N/A
	Class O (Gross)	7.15	N/A	N/A
	Class Y	6.84	N/A	N/A
Aegon Japan Equity Tracker (AMT)	Class D	22.50	N/A	N/A
	Class I11	22.38	N/A	N/A
	Class I2	22.70	N/A	N/A
	Class I4	22.64	N/A	N/A
	Class I5	22.53	N/A	N/A
	Class I6	22.54	N/A	N/A
	Class I7	22.51	N/A	N/A
	Class I8	22.49	N/A	N/A
	Class K	22.32	N/A	N/A
	Class O	22.81	N/A	N/A
	Class Y	22.73	N/A	N/A

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon Pacific ex-Japan Equity Tracker (AMT)	Class D	0.15	N/A	N/A
	Class I11	0.06	N/A	N/A
	Class I2	0.32	N/A	N/A
	Class I4	0.28	N/A	N/A
	Class I5	0.18	N/A	N/A
	Class I6	0.19	N/A	N/A
	Class I7	0.16	N/A	N/A
	Class I8	0.15	N/A	N/A
	Class K	0.00	N/A	N/A
	Class O (Gross)	0.44	N/A	N/A
	Class Y	0.39	N/A	N/A

Active Equity

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon Global Climate Focus Equity (AMT)	Class D	7.98	N/A	N/A
	Class I10	7.94	N/A	N/A
	Class I11	7.90	N/A	N/A
	Class I2	8.13	N/A	N/A
	Class I4	8.16	N/A	N/A
	Class I5	8.09	N/A	N/A
	Class I6	8.03	N/A	N/A
	Class I7	8.01	N/A	N/A
	Class I8	7.99	N/A	N/A
	Class I9	7.97	N/A	N/A
	Class K	7.73	N/A	N/A
	Class O (Gross)	8.83	N/A	N/A
	Class W	8.12	N/A	N/A
	Class Y	8.06	N/A	N/A
Aegon Global Sustainable Equity (AMT)	Class I11	6.61	N/A	N/A
	Class I2	6.87	N/A	N/A
	Class I4	6.80	N/A	N/A
	Class I5	6.77	N/A	N/A
	Class I6	6.76	N/A	N/A
	Class I7	6.73	N/A	N/A
	Class I8	6.70	N/A	N/A
	Class K	6.55	N/A	N/A
	Class O (Gross)	7.47	N/A	N/A
	Class Y	6.76	N/A	N/A

Passive Multi-Asset

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon Retirement Income Multi-Asset (AMT)	Class E	7.71	N/A	N/A
	Class G	7.78	N/A	N/A
	Class H	7.84	N/A	N/A
	Class I1	8.02	N/A	N/A
	Class I3	7.93	N/A	N/A
	Class I5	7.89	N/A	N/A
	Class I6	7.82	N/A	N/A
	Class I7	7.84	N/A	N/A
	Class J	8.02	N/A	N/A
	Class O (Gross)	8.16	N/A	N/A
	Class P	7.93	N/A	N/A
	Class Q	7.88	N/A	N/A
	Class W	7.83	N/A	N/A
	Class Y	7.74	N/A	N/A

Passive Fixed-Income

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon UK Corporate Bond Tracker (AMT)	Class D	6.00	N/A	N/A
	Class I4	6.13	N/A	N/A
	Class I5	6.04	N/A	N/A
	Class O (Gross)	6.30	N/A	N/A
	Class Y	6.25	N/A	N/A
Aegon UK Government Bond Tracker (AMT)	Class I10	-5.05	N/A	N/A
	Class I11	-5.09	N/A	N/A
	Class I2	-4.83	N/A	N/A
	Class I4	-4.87	N/A	N/A
	Class I5	-4.87	N/A	N/A
	Class I9	-5.03	N/A	N/A
	Class I6	-4.93	N/A	N/A
	Class I7	-4.98	N/A	N/A
	Class I8	-5.00	N/A	N/A
	Class D	-5.00	N/A	N/A
	Class K	-5.16	N/A	N/A
	Class O (Gross)	-4.75	N/A	N/A
	Class W	-4.84	N/A	N/A
	Class Y	-4.80	N/A	N/A

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon UK Index-Linked Government Bond Tracker (AMT)	Class I10	-7.88	N/A	N/A
	Class I11	-7.92	N/A	N/A
	Class I4	-7.71	N/A	N/A
	Class I5	-7.72	N/A	N/A
	Class I9	-7.87	N/A	N/A
	Class I2	-7.68	N/A	N/A
	Class I6	-7.79	N/A	N/A
	Class I7	-7.82	N/A	N/A
	Class I8	-7.84	N/A	N/A
	Class D	-7.83	N/A	N/A
	Class K	-8.00	N/A	N/A
	Class O (Gross)	-7.60	N/A	N/A
	Class W	-7.68	N/A	N/A
	Class Y	-7.65	N/A	N/A

Active Multi-Asset

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon Global Sustainable Multi-Asset Growth (AMT)	Class I11	-0.82	N/A	N/A
	Class I2	-0.59	N/A	N/A
	Class I4	-0.63	N/A	N/A
	Class I5	-0.67	N/A	N/A
	Class I6	-0.68	N/A	N/A
	Class I7	-0.67	N/A	N/A
	Class I8	-0.72	N/A	N/A
	Class K	-0.97	N/A	N/A
	Class O (Gross)	0.07	N/A	N/A
	Class Y	-0.65	N/A	N/A
Aegon Global Sustainable Multi-Asset Balanced (AMT)	Class I10	5.66	N/A	N/A
	Class I11	5.63	N/A	N/A
	Class I12	5.67	N/A	N/A
	Class I2	5.95	N/A	N/A
	Class I4	5.90	N/A	N/A
	Class I5	5.87	N/A	N/A
	Class I6	5.85	N/A	N/A
	Class I7	5.84	N/A	N/A
	Class I8	5.81	N/A	N/A
	Class IV	5.96	N/A	N/A
	Class J	5.88	N/A	N/A
	Class M	6.01	N/A	N/A
	Class O	6.33	N/A	N/A
	Class R	5.99	N/A	N/A
	Class T	6.02	N/A	N/A
	Class W	5.93	N/A	N/A

Active Fixed-Income

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon Global Short Term Sustainable Bond (AMT)	Class O (Gross)	6.45	N/A	N/A
Aegon Global Sustainable Government Bond (AMT)	Class O (Gross)	4.59	N/A	N/A
Aegon Global Absolute Return Bond (AMT)	Class D	6.54	N/A	N/A
	Class I11	6.40	N/A	N/A
	Class I2	6.69	N/A	N/A
	Class I4	6.63	N/A	N/A
	Class I5	6.63	N/A	N/A
	Class I6	6.58	N/A	N/A
	Class I7	6.58	N/A	N/A
	Class I8	6.49	N/A	N/A
	Class K	6.34	N/A	N/A
	Class O (Gross)	7.11	N/A	N/A
	Class Y	6.64	N/A	N/A
Aegon Global Strategic Bond (AMT)	Class D	8.49	N/A	N/A
	Class I11	8.38	N/A	N/A
	Class I2	8.62	N/A	N/A
	Class I4	8.56	N/A	N/A
	Class I5	8.54	N/A	N/A
	Class I6	8.53	N/A	N/A
	Class I7	8.49	N/A	N/A
	Class I8	8.47	N/A	N/A
	Class K	8.29	N/A	N/A
	Class O (Gross)	9.24	N/A	N/A
	Class Y	8.57	N/A	N/A

Alternatives

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon Global Listed Infrastructure (AMT)	Class D	-0.79	N/A	N/A
	Class I10	-0.86	N/A	N/A
	Class I11	-0.93	N/A	N/A
	Class I2	-0.66	N/A	N/A
	Class I4	-0.71	N/A	N/A
	Class I5	-0.73	N/A	N/A
	Class I6	-0.75	N/A	N/A
	Class I7	-0.77	N/A	N/A
	Class I8	-0.80	N/A	N/A
	Class I9	-0.82	N/A	N/A
	Class K	-1.05	N/A	N/A
	Class O (Gross)	0.04	N/A	N/A
	Class W	-0.69	N/A	N/A
	Class Y	-0.69	N/A	N/A
Aegon UK Property (AMT)	Class O Gross	0.66	N/A	N/A

Bespoke Section Funds

The below data includes funds that have been removed from availability during the Scheme year.

Fund	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Employer A - McIntryre			
Aegon BlackRock Over 15 Year Corporate Bond Index (BLK)	4.94	-9.98	-3.74
Aegon BlackRock 40/60 Global Equity Index (BLK)	16.52	9.68	9.67
Employer B - Sun Life of Canada			
Aegon BlackRock European Equity Index (BLK)	12.72	8.70	9.66
Aegon AM Ethical Equity (BLK)	14.02	0.48	4.38
Aegon BlackRock Japanese Equity Index (BLK)	22.21	6.57	8.30
Aegon BlackRock Pacific Rim Equity Index (BLK)	4.09	0.51	4.66
Aegon BlackRock US Equity Index (BLK)	28.05	13.64	15.22
Aegon BlackRock Balanced Growth (BLK)	11.78	6.16	7.20
Aegon BlackRock All Stocks UK Gilt Index (BLK)	-0.23	-7.59	-4.01
Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	6.05	-3.60	-0.58
Aegon LGIM Pre-Retirement (BLK)	3.18	-8.32	-3.60
Aegon BNY Mellon Real Return (BLK)	7.46	1.24	3.70
The Sun Life of Canada Fund	4.98	5.04	5.04
Employer C - KPMG			
Aegon BlackRock US Equity Index (BLK)	28.29	13.89	15.47
Aegon BlackRock European Equity Index (BLK)	12.93	8.92	9.89
Aegon BlackRock Japanese Equity Index (BLK)	22.44	6.79	8.53
Aegon BlackRock Pacific Rim Equity Index (BLK)	4.27	N/A	N/A
Aegon Threadneedle UK Social Bond Fund	6.20	N/A	N/A
Employer D - Anglo-American			
Aegon BlackRock US Equity Index (BLK)	28.18	13.76	15.34
Aegon BlackRock European Equity Index (BLK)	12.84	8.80	9.77

Fund	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon BlackRock Japanese Equity Index (BLK)	22.34	6.68	8.41
Aegon BlackRock Pacific Rim Equity Index (BLK)	4.20	0.61	4.77
Employer E - Société Générale			
Aegon BlackRock US Equity Index (BLK)	28.23	13.80	N/A
Aegon BlackRock European Equity Index (BLK)	12.88	8.85	N/A
Aegon BlackRock Japanese Equity Index (BLK)	22.38	6.72	N/A
Aegon BlackRock Pacific Rim Equity Index (BLK)	4.24	0.65	N/A
Aegon BlackRock MSCI Currency Hedged World Index (BLK)	26.01	9.51	N/A
Aegon BlackRock UK Special Situations (BLK)	5.79	0.69	N/A
SG Passive Global Equity Fund	17.29	8.35	N/A
SG Active Global Equity Fund	9.61	6.91	N/A
SG Diversified Growth Fund	8.25	2.27	N/A
Aegon BlackRock Absolute Return Bond (BLK)	4.05	0.36	1.67
Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	6.20	-3.47	N/A
Aegon BlackRock All Stocks UK Gilt Index (BLK)	6.20	-3.47	N/A
Aegon BlackRock Index-Linked Gilt (BLK)	-6.75	-12.14	N/A
Aegon Baillie Gifford Positive Change	6.85	N/A	N/A
Aegon HSBC Developed World Sustainable Equity Index	19.65	N/A	N/A
Aegon Ninety One Global Multi-Asset Sustainable Growth	-0.61	N/A	N/A
Employer G- Skanska			
Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	6.35	-3.33	-0.31
Employer H – Beales			
Aegon BlackRock Over 15 Year Corporate Bond Index (BLK)	6.53	-9.58	-3.52
Aegon LGIM Ethical UK Equity Index (BLK)	7.09	7.92	5.26

Fund	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Employer I- Archant			
Aegon BlackRock Diversified Growth Plus (BLK)	11.80	4.08	5.53
Aegon BlackRock Cautious Diversified Growth (BLK)	7.41	2.56	3.13
Aegon BlackRock 50/50 Global Equity Index (BLK)	12.81	8.27	7.85
Aegon LGIM Ethical UK Equity Index (BLK)	7.09	7.92	5.26
Aegon Standard Life Corporate Bond (BLK)	7.20	-3.24	0.00
Aegon BlackRock 70/30 Global Equity Index (BLK)	10.95	8.30	7.12
Aegon BlackRock Over 15 Year Corporate Bond Index (BLK)	4.94	-9.98	-3.74
Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	6.35	-3.33	-0.31
Aegon BlackRock 40/60 Global Equity Index (BLK)	16.52	9.68	9.67
Aegon BlackRock European Equity Index (BLK)	13.04	9.00	9.96
Aegon BlackRock Japanese Equity Index (BLK)	22.55	6.87	8.60
Aegon BlackRock Pacific Rim Equity Index (BLK)	4.38	0.79	4.96
Aegon BlackRock 50/50 Global Growth (BLK)	16.35	9.34	10.76
Aegon BlackRock UK Growth (BLK)	12.23	8.49	7.42
Aegon BlackRock Pacific Growth (BLK)	2.49	-0.49	5.21
Aegon BlackRock Alpha Smaller Companies (BLK)	7.28	-1.71	7.23
Aegon BlackRock Index Linked Gilt (BLK)	-6.62	-12.02	-6.49
Aegon BlackRock UK Equity (BLK)	11.87	1.76	4.92
Aegon LGIM Global Equity (60:40) Index (BLK)	13.57	9.01	8.55
Aegon LGIM Pre-Retirement (BLK)	3.13	-8.36	-3.64
Aegon LGIM North America Equity Index (BLK)	26.89	13.97	15.51
Aegon LGIM Europe (ex UK) Index (BLK)	12.55	8.61	9.50
Aegon BlackRock Sterling Bond (BLK)	-0.66	-7.54	-3.89
Employer J - Mars Pet Nutrition			
Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	5.98	-3.67	-0.65

Old Core Fund Range

The below data shows returns of funds included within the Old Core Fund Range which has been replaced by the AMT Fund Range during the Scheme year.

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon BlackRock (30:70) Currency Hedged Global Equity	Class U	18.93	7.94	9.31
	Class Q	19.01	8.01	9.38
	Class H	18.95	7.96	9.33
	Class I11	18.80	7.82	9.19
	Class IV	18.63	7.66	9.06
	Class I6	18.97	7.98	9.35
	Class I3	19.05	8.05	N/A
	Class I4	19.04	8.04	N/A
	Class I1	19.17	8.12	N/A
	Class I7	18.91	N/A	N/A
Aegon BlackRock Emerging Markets Equity Index	Class N (Gross)	5.25	-3.05	2.85
	Class Q	4.88	-3.38	2.49
	Class W	4.78	-3.48	2.39
	Class J	4.92	-3.34	2.54
	Class IV	4.88	-3.38	2.50
	Class I4	5.00	-3.28	N/A
Aegon BlackRock Market Advantage	Class N (Gross)	6.23	0.02	1.16
	Class Q	5.91	-0.28	0.86
	Class D	5.89	-0.30	0.84
	Class W	5.81	-0.38	0.76

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon BlackRock HSBC Islamic Global equity Index	Class N (Gross)	29.97	14.86	17.24
	Class D	28.88	13.89	16.25
	Class H	29.27	14.23	16.60
	Class J	29.41	14.35	16.72
	Class I4	29.41	14.35	N/A
	Class I2	29.45	14.40	16.78
Aegon BlackRock UK Equity Index	Class N (Gross)	7.02	7.16	4.92
	Class P	6.88	7.02	4.78
	Class S	6.54	6.68	4.44
	Class Y	6.65	6.78	4.55
	Class I8	6.89	7.03	N/A
	Class I3	6.87	7.01	N/A
Aegon BlackRock World (ex-UK) Equity Index	Class N (Gross)	23.86	11.77	13.32
	Class S	23.34	11.29	12.83
	Class D	23.59	11.53	13.08
	Class I3	23.68	11.61	N/A
	Class I2	23.74	11.66	13.21
Aegon BlackRock Cash	Class N (Gross)	5.20	2.48	1.67
	Class D	4.89	2.17	1.37
	Class G	4.98	2.27	1.47
	Class H	5.06	2.33	1.52

Fund Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon BlackRock Over 15 Year Gilt Index	Class N (Gross)	-4.67	-14.96	-8.18
	Class H	-4.91	-15.18	-8.41
	Class J	-4.77	-15.05	-8.27
	Class K	-4.84	-15.12	-8.35
	Class I8	4.84	2.12	1.32
	Class I3	-4.78	-15.07	N/A
Aegon BlackRock Corporate Bond	Class N (Gross)	6.98	-1.74	1.05
	Class B	6.17	-2.46	0.31
	Class D	6.19	-2.47	0.30
	Class Y	6.46	-2.22	0.55
	Class Q	6.64	-2.02	N/A
	Class I4	6.51	-2.20	N/A
Aegon BlackRock Diversified Growth	Class N (Gross)	11.80	4.08	5.53
	Class AG	11.11	3.44	N/A
	Class I8	10.89	3.23	4.67
	Class I9	10.82	3.16	4.59
	Class I10	10.84	3.17	4.60
	Class J	11.06	3.40	4.82
	Class L	10.72	3.09	4.49
Aegon BlackRock Pre-Retirement	Class D	1.08	-7.78	-3.63
	Class G	1.28	-7.60	-3.44
	Class T	1.08	-7.79	-3.63
	Class I5	1.32	-7.56	0.00

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 Name	Shareclass	1 Year Ann. %	3 Year Ann. %	5 Year Ann. %
Aegon Property	Class N (Gross)	2.57	2.08	1.83
	Class D	1.38	0.89	0.63
	Class J	1.65	1.17	0.93
	Class I1	1.81	1.33	N/A
Aegon BlackRock Over 5 Year Index-Linked Gilt Index	Class N (Gross)	-7.60	-12.27	-6.65
	Class F	-7.85	-12.52	-6.91
	Class G	-7.99	-12.60	-6.99
	Class I8	-7.69	-12.37	0.00
	Class I3	-8.18	-12.54	0.00
Aegon BlackRock LGIM Ethical Global Equity Index	Class N (Gross)	22.61	13.14	14.04
	Class W	21.94	12.52	13.41
	Class D	21.82	12.40	13.29
	Class Y	21.88	12.46	13.35