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 111

- 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 125
    - Responsible investment asset manager monitoring, page 127
    - Trustee assessment of BlackRock as principal asset manager, page 129
    - Summary of engagement activity by asset managers, page 131
    - Broader considerations related to stewardship, page 137

- 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 128.

- Summary of voting behaviour and most significant votes through Expression of Wish page 135.

- Appendix – Voting record for all funds, where asset manager eligible to vote page 138.

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

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.

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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 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. **Investment objectives**	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

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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. 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.	Notional Sections. The ISC reports at each of the full Trustee Board meetings. 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. 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

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	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.
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	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.

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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.	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.
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	Investment risks are broken down further below with actions over the Scheme year provided, where relevant.

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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.	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-	The Trustees ensure that Members have visibility of the protections in place so that informed decisions can be taken if selecting alternative funds.

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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).	
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.
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,	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.

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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.	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.
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	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.

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income allocation being diversified across a mix of corporate and government bonds, some with lower durations to reduce the impact of rising interest rates.	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.
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

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	part of the quarterly data pack to allow for close monitoring of this risk.
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.
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	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.

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potential risk as they near retirement, based on the Members' NRD.	
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	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.

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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.	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.
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

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	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.
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.
Financially material considerations The Trustees have considered how	Financially material considerations are reported on in the Quarterly MI packs, and the ISC discuss the implications and underlying trends each quarter.

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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 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. 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.

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	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. • Further clarity on engagement-related expectations of managers on priority themes; collaborative engagements; reporting; and fixed income assets. engagement principles and guidelines. • 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-

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	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.
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	See section below on page 127

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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. 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	

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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.	
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	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.

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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. 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	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.

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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 & 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 & 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
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	

		positive outcomes from companies on climate engagement.
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	
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.
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
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.

As explained earlier, (see page 40), 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)
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	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
					opportunity to high paying roles.	
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 management	% against management	% Abstain
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				