Statement of Investment Principles

Aviva Master Trust ('the Scheme')

Introduction

The Scheme is designed for multiple employers, but delivered under a single trust arrangement and governed by a Board of Trustees, chaired by Colin Richardson of PTL Governance Ltd. A specialist independent investment adviser (KPMG LLP), legal advisers (Squire Patton Boggs) and auditor (RSM) make up the team of experts that supports the Trustees to deliver the highest standards of governance.

This Statement of Investment Principles (“the Statement”) states the investment principles governing decisions about investments for the purposes of the Scheme, a defined contribution pension arrangement made up of a number of employer-specific arrangements, registered with HMRC under Finance Act 2004. It has been produced by the Trustees of the Scheme in compliance with section 35 of the Pensions Act 1995 and any relevant subsequent legislation.

The Statement will be made available to all participating employers prior to selecting the Scheme. All advice the Trustees receive regarding investment options for an employer of the Scheme will make reference to the Statement and indicate how the principles defined within have been addressed. It will also consider the appropriateness of fees and charges payable by members of the Scheme.

Policy for choosing investments

The Scheme invests in pooled funds accessed via the Aviva investment platform. It offers a large, diverse range of pooled funds from which investments can be selected in each section on the Scheme. In agreeing to this appointment, the Trustees have specified that the Scheme’s fund range should:

- include choices suitable for members of different ages and with different retirement benefit plans
- be designed to deliver long-term positive returns taking account of a number of different risks
- seek, where possible, to mitigate the risks described below
- be suitable for employers regardless of their industry or size
- include options suited for use as default options, as required by automatic enrolment legislation.
- include options where ESG considerations are integrated into the investment process.

The day-to-day management of the Scheme’s assets is ultimately delegated to one or more investment managers via insurance contracts or investment management agreements.

The Scheme offers a standard section that falls fully under the governance remit of the Trustees. In addition, employers are able to take independent advice and should they wish, establish their own bespoke default or other investment options. The Trustees are also responsible for the governance of these investment options.

Details of the default investment option for the standard sections of the Scheme are contained in the Appendix 1. Details of the self-select investment options for the standard sections are contained in the Scheme's "Investment Implementation Document – Standard Section".

Where an employer establishes a bespoke default investment option and/or fund range, details are contained in a separate "Employer Specific" document.

Risks

For all sections of the Scheme, the Trustees will consider how best to safeguard members from the risks associated with investing their pension savings. The following list summarises some of the key risks and how the fund range is designed in light of these:

Inflation – Taking the fund range as a whole it is expected that the performance of member funds should protect the real value of their pension savings over an appropriate time horizon.

Shortfall – Although the Trustees have no influence over the level of contributions paid, members may potentially receive a lower retirement benefit than they had hoped for. The Trustees will inform members annually of the projected value of their pension account at retirement in order to inform their decision making.

Performance ups and downs – Those funds which have a chance of achieving higher returns for members are likely to see greater volatility over short periods. An appropriate level of risk for a specific default will be considered against the profile of the membership.

Pension conversion – For members approaching retirement, the impact of poor performance is significantly increased as they have less time to make up any lost money. All default options will need to factor in a de-risking mechanism such as lifestyling that recognises the changing requirements of members as they approach retirement, for example with a greater focus on capital preservation.

Manager – There is no guarantee that any fund within the default or self-select range will achieve its long-term objective. The Trustees will continue to monitor the funds and managers available to Scheme members to try and minimise this risk as much as is practically possible.

Diversification – Failure to diversify increases the risk of losing money if one particular investment does not perform as expected. A default investment strategy will need to contain an appropriate level of diversification.

Liquidity – Some investments types are not easy to sell (for example, real estate), potentially resulting in a delay in buying or selling assets. The use of investments that may have liquidity issues will be restricted unless this risk is specifically managed.

Credit – The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation, either directly or indirectly. The Scheme is subject to credit risk through its investment policy with Aviva, and through the underlying investments in the underlying funds. Aviva is regulated by the Prudential Regulation Authority and the Financial Conduct Authority and, in the event of default by Aviva, the Scheme is protected by the Financial Services Compensation Scheme. The Trustees monitor the financial strength of Aviva and the security of the Scheme assets in conjunction with their specialist independent investment adviser.

Market – The Scheme is subject to a number of market risks:

- Currency risk: the risk that the value of a fund will fluctuate because of changes in foreign currency exchange rates.
- Interest rate risk: the risk that the value of a fund will fluctuate because of changes in the market interest rates.
- Other price risk: the risk that the value of a fund will fluctuate because of changes in market prices (other than those arising from currency or interest rate risk), whether these changes are caused by factors specific to the individual fund assets or their issuers, or factors affecting all similar assets traded in the market.

Environmental, Social and Governance risk – Management of investments with regard to Environmental, Social and Governance (ESG) factors, including but not limited to climate change, can impact performance and member outcomes.

The day-to-day management of the underlying investments is the responsibility of the underlying fund managers, including the direct management of credit and market risks. The Trustees monitor the Scheme's investment options and the fund managers on a regular basis, with the help from its specialist independent investment adviser.

The expected return on investments

The overarching objective for the Scheme is to deliver long term positive returns, after charges, taking account of the risks described above.

The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their independent professional advisers on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investment is delegated to the investment managers.

The realisation of investments

The Scheme invests in pooled funds which can be quickly realised as required, under normal market conditions.

Financially Material Considerations and Stewardship Policy

The Trustees have considered how financially material considerations, including ESG factors (which include climate change), are taken into account in the selection, retention, realisation and monitoring of the Scheme's investment options over the appropriate time horizon applicable to members invested in those options.

As the Scheme invests via pooled funds, this means that the Trustees have delegated responsibility for the selection, retention and realisation of investments to the underlying fund managers of those funds (within certain guidelines and restrictions) and the Trustees' approach to managing financially material considerations is limited by the nature of those pooled funds.

- For passively managed funds, the Trustees recognise that the role of the manager is to track an index and the choice of index will dictate the assets held. The Trustees will periodically review the indices used for this purpose.
- For actively managed funds (where the fund manager decides where to invest) fund managers are expected to take financially material considerations into account when deciding on the selection, retention and realisation of investments where permissible within the applicable guidelines and instructions.

Trustees also delegate exercise of the rights (including voting rights) attaching to the investments to the individual fund managers. Fund managers are expected to:

- exercise the voting rights attached to individual investments; and
- engage with key stakeholders which may include corporate management, regulators and governance bodies, relating to their investments in order to improve corporate behaviours, improve performance and mitigate financial risks in accordance with their own house policy.

The Trustees have developed an Environmental, Social and Governance (ESG) Policy which has been integrated into monitoring the Scheme's investment arrangements, this policy is provided in Appendix 2. The Trustees believe that by including ESG factors in investment decision making, it will reduce overall investment risks whilst generating sustainable investment returns.

The Scheme's investments will be regularly monitored by the Trustees (with the assistance of its specialist independent investment adviser) over an appropriate time horizon, to consider the extent to which the investment strategy and decisions of the Scheme's fund managers are aligned with the Trustees' policies. This includes monitoring the extent to which fund managers:

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

The Trustees will also monitor portfolio turnover costs incurred by fund managers on a regular basis.

Fund managers are remunerated based on the value of assets which they manage for the Scheme and while there is no set duration for arrangements with fund managers, they can be replaced at any time by the Trustees. Where fund managers fail to adhere to the Scheme's policies, the Trustees work with Aviva and engage with the manager and could ultimately replace the manager where this is deemed necessary.

The Trustees do not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in setting the investment strategy for the default investment option for the standard section of the Scheme. However, the Trustees recognise the importance of offering a suitable range of investment options for members who wish to express an ethical preference in their pension savings. The Trustees may take non-financial factors into account in the self-select investment options for the standard section and in bespoke default or other investment options. The basis on which such factors are taken into account would be made clear in the description of such funds.

The Trustees continue to engage with Aviva and the fund managers on the integration of ESG into the Scheme's investments and how this can be improved, although it is noted that currently the level of ESG integration in the default option is limited. However, ESG integration into the Scheme's alternative lifestyle strategy ('My Future Focus Lifetime') is much further advanced, with stock screening, tilts and active engagement applied throughout the strategy. This option is available for all participating employers of the Scheme to select. There is also a lifestyle strategy available that uses the Stewardship funds which incorporate both ESG and non-financial factors.

Compliance

The Statement will be reviewed triennially by the Trustees and without delay following any significant change in the Trustees' investment policy.

In preparing the Statement, the Trustees have obtained and considered the written advice of a person who is reasonably believed by the Trustees to be qualified by his ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of schemes such as the Scheme. The Trustees have consulted with Aviva Life and Pensions UK Limited ("Aviva") as sponsoring employer and the company appointed to act on behalf of the participating employers to the Scheme.

Before revising the Statement at any time in the future, the Trustees will obtain and consider the written advice of a specialist independent investment adviser and will consult with Aviva.

Signature 

Position: Chair of Trustees

Name: Colin Richardson

Date: 21 October 2019

Appendix 1 – Standard Section of the Scheme

Investment objectives

The Trustees' overall objective is to provide investment options that enable members to grow their pension savings after charges over the long term, and to manage risks appropriately.

The default investment option, as described below, is expected to meet this objective and also takes into account guidance from the Pension's Regulator and the Department for Work & Pensions guidance for offering a default investment option for defined contribution automatic enrolment pension schemes.

Furthermore, the Trustees believe that the self-select funds offered as an alternative to the default fund enable members to choose their own portfolio of funds which would achieve the overall objective.

Default Investment Option

The Trustees have designated the Aviva My Future Lifestyle as the standard default investment option for members, and this will be used as the default option by participating employers not wishing to implement an alternative default.

This default option invests in the Aviva My Future Growth Fund during the growth phase of the lifestyle strategy.

During the pre-retirement phase, starting 15 years away from retirement, members' assets are phased such that the exposure to the Aviva My Future Growth Fund is reduced and exposure to the Aviva My Future Consolidation Fund is increased. At retirement a member will be 100% invested in the Aviva My Future Consolidation Fund.

The standard default option has been constructed to ensure compliance with the charge cap which became effective for default investment options from 6 April 2015 and following an analysis of expected member behaviour and in light of the flexibilities available to members once they reach retirement.

The retirement outcomes of the default lifestyle strategy will be reviewed at least triennially or earlier in the event of any significant changes in the demographic profile of the relevant members.

The default investment lifestyle strategy will be reviewed at least triennially or earlier in the event of any significant changes in the investment policy or member demographics. The review will take into account the manner in which members take their pension savings from the Scheme and any significant changes in the demographic profile of the relevant members.

The Trustees' policies in relation to the default investment option in respect of matters set out in the Occupational Pension Schemes (Investment) Regulation 2005, as amended, are those set out in the rest of this statement.

The Trustees also offer a range of additional lifestyle options and self-select funds. The lifestyle options are targeted for different member outcomes: cash; drawdown; and annuity. In addition, the Aviva My Future Focus Lifetime and the Aviva Stewardship Lifetime can be selected by participating employers as alternative default investment options. The self-select fund options encompass a wider range of asset classes including equity, fixed income and multi-asset funds, as well as the Stewardship range of funds which look to provide members with a range of funds with an ethical and ESG bias in their construction. Passive and Active options are available to members, and full details are contained in the Scheme's "Investment Implementation Document – standard section".

Appendix 1 – C&J Clark Section of the Scheme

This Appendix is for the C&J Clark Section of the Aviva Master Trust. The Trustees have taken advice from KPMG on the suitability of the investment strategy for this section.

Investment Objectives

The main investment objectives are:

- to include a suitable default option that is likely to be suitable for a typical member
- to include a range of alternative choices suitable for members of different ages and with different retirement benefit plans and objectives
- to enable members to grow their savings above inflation over the long term
- to seek, where possible, to mitigate the risks described in this statement

Default Option

A default option has been selected for the C&J Clark Section, and has been designed to be suitable for a typical member. The default has been chosen taking account of:

- The kinds of investments to be held
- The balance between different kinds of investments
- Investment risks
- The expected return on investments
- Realisation of investments
- Socially responsible investment requirements
- The desire to be a reasonably close match to the default investment options used in the two previous pension schemes from which members in the C&J Clark Section transferred when the Section was implemented

This default option invests in the Clarks Growth Fund during the growth phase of the lifestyle strategy.

During the transition phase, starting 20 years away from retirement, members' assets are phased such that the exposure to the Clarks Growth Fund is reduced and exposure to the Clarks Retirement Transition Fund is increased. At the point 10 years from retirement a member will be 100% invested in the Clarks Retirement Transition Fund.

During the pre-retirement phase, starting 10 years away from retirement, members' assets are phased such that the exposure to the Clarks Retirement Transition Fund is reduced and exposure to the Clarks Target Drawdown Fund and Clarks Cash Fund is increased. At retirement a member will be 40% invested in the Clarks Target Drawdown Fund and 60% invested in the Clarks Target Cash Fund.

The default option has been constructed so as to be suitable for members in light of the flexibilities available to members once they reach retirement.

The default investment lifestyle strategy will be reviewed at least triennially or earlier in the event of any significant changes in the investment policy or member demographics. The review will take into account the manner in which members take their pension savings from the Section and any significant changes in the demographic profile of the relevant members.

Self-Select Options

In addition to the default the members can choose from the full range of self-select fund options offered through the standard section of the Scheme, as well as a number of additional funds

Appendix 1 – L’Oréal Section of the Scheme

This Appendix is for the L’Oréal Section of the Aviva Master Trust. The Trustees have taken advice from Hymans Robertson LLP on the suitability of the investment strategy for this section.

Investment Objectives

The main investment objectives are:

- Ensure that the Plan has effective investment performance monitoring
- Ensure that the default investment strategy offered is suitable for the Plan’s membership
- Ensure that the plan offers other investment funds that are suitable for the membership
- Ensure best practice investment governance

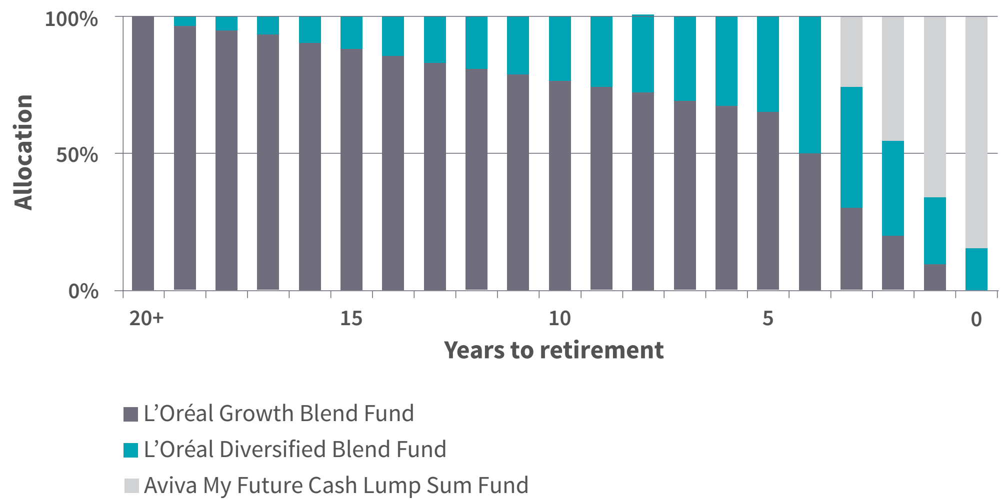
Default Option

A default option has been selected for the L’Oréal Section, and has been designed to be suitable for a typical member. The default has been chosen taking account of:

- The kinds of investments to be held
- The balance between different kinds of investments
- Investment risks
- The expected return on investments
- Realisation of investments
- The expectation of how members will take their benefits at retirement.

Based on analysis on the projected pot size for members less than 10 years to retirement and recent experience of how members in the Plan have been taking their retirement benefits, it is expected that members will take a one-off cash lump sum or UFPLS.

The default arrangement, the L’Oreal – Target Cash Lump Sum Strategy is set out below:



Fund	Underlying funds
L'Oréal Growth Blend Fund	46% BlackRock World (Ex-UK) Equity Index Fund
	20% BlackRock UK Equity Index Fund
	14% Aviva Pension Property Fund
	13% BlackRock Corporate Bond Index All Stocks Fund
	7% BlackRock Emerging Markets Equity Index Fund
L'Oréal Diversified Blend Fund	50% LGIM Diversified Fund
	50% Schroders Dynamic Multi Asset Fund
Aviva My Future Cash Lump Sum Fund	100% Aviva My Future Cash Lump Sum Fund

The objective of the default investment solution is to provide an appropriate investment strategy for members who do not wish to make an investment choice for themselves. Up until 20 years from a member's planned retirement date, the default investment solution aims to help the pension savings grow by investing primarily in shares (also known as equities). The value of savings will fluctuate (increase or decrease) on a daily basis as a result of the performance of the funds used in the growth phase. However, the design of this phase of the programme seeks to limit the likelihood of savings experiencing large fluctuations in value.

In the 20 years leading up to a member's retirement date, savings are gradually moved into lower risk investments, such as fixed interest and money market investments. This aims to reduce the risk of savings falling in value as members approach their planned retirement date. This is likely to produce lower rates of return.

Self-Select Options

In addition to the default the members can choose from a range of 12 self-select fund options.

There is also an alternative lifestyle that members can invest in, known as the L'Oreal Adventurous Strategy. The building blocks of the L'Oreal – Adventurous Strategy are the same as the default strategy but a higher level of risk is targeted earlier on in the glidepath and drawdown is targeted at retirement instead of cash.

Appendix 1 – Mott MacDonald Section of the Scheme

This Appendix is for the Mott MacDonald Group Section of the Aviva Master Trust. The Trustees have taken advice from LCP on the suitability of the investment strategy for this section.

Investment Objectives

The main investment objectives are to provide members with access to:

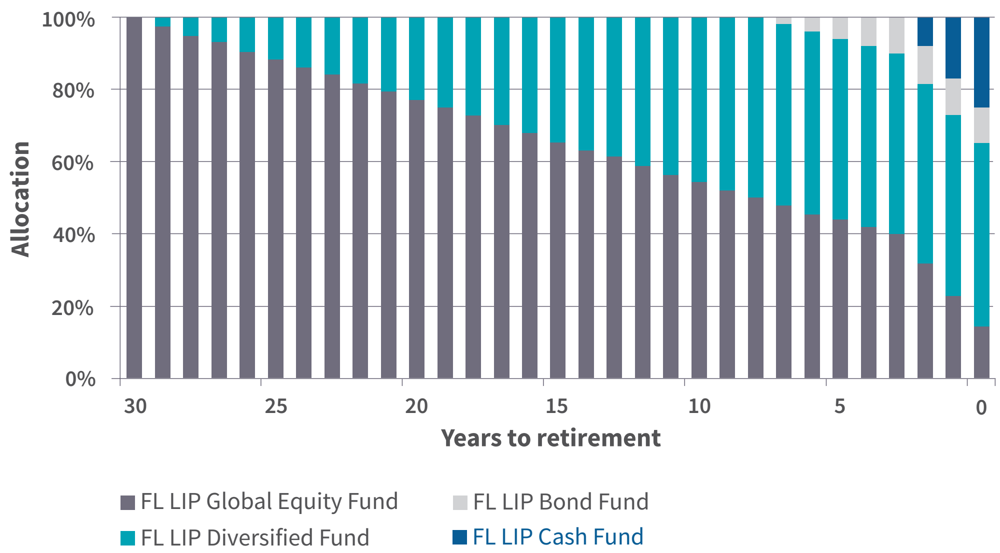
- an appropriate range of investment options, reflecting the membership profile and the variety of ways that members can draw their benefits in retirement; and
- a default investment option that is reasonable for those members that do not wish to make their own investment decisions. The objective of the default option is to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement.

Default Option

A default option has been selected for the Mott MacDonald Group Section, and has been designed to be suitable for a typical member. The default has been chosen taking account of:

- The kinds of investments to be held;
- The balance between different kinds of investments;
- Investment risks;
- The expected return on investments; and
- Realisation of investments

The default investment strategy targets income drawdown at retirement which is the retirement option most members are likely to take. This strategy aims to provide strong growth in early years when members can take on more risk. The strategy then aims to reduce investment risk closer to retirement but maintain a reasonable level of growth consistent with a drawdown strategy. The strategy consists of four white labeled funds, each determined by the underlying asset classes. The strategy allocation is shown in the chart below:



Self-Select Options

In addition to the default the members can choose from a range of self-select fund options.

Appendix 1 – WM Morrison Supermarkets Section of the Scheme

This Appendix is for the WM Morrison Supermarkets Section of the Aviva Master Trust. The Trustees have taken advice from LCP on the suitability of the investment strategy for this section.

Investment Objectives

The main investment objectives are to provide members with access to:

- an appropriate range of investment options, reflecting the membership profile and the variety of ways that members can draw their benefits in retirement; and
- a default investment option that is reasonable for those members that do not wish to make their own investment decisions. The objective of the default option is to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement.

Default Option

A default option has been selected for the WM Morrison Supermarkets Section and has been designed to be suitable for a typical member. The default has been chosen taking account of:

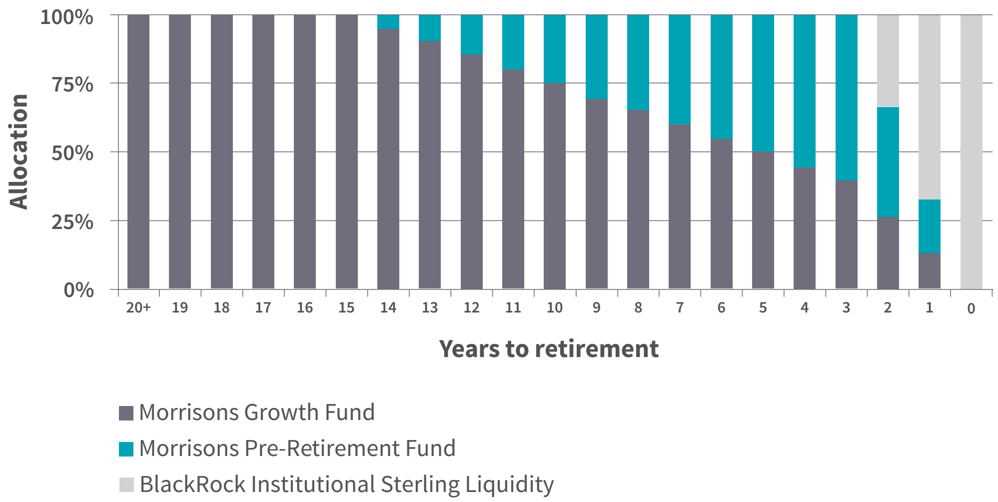
- The kinds of investments to be held
- The balance between different kinds of investments
- Investment risks
- The expected return on investments
- Realisation of investments

Following advice provided by LCP in May 2017, it was agreed that the default strategy should target cash withdrawal. This advice was based on membership data provided by Morrisons in August 2015. Analysis of this data suggested that most members expected to retire within the next 10 years had a projected pot of less than £30,000 and evidence from other DC schemes suggested that pension pots of this size are more likely to be taken entirely as cash by members at retirement. In addition, the analysis showed that the membership is likely to have a relatively high-risk tolerance, because of the younger overall age profile and small pot sizes / average salaries.

There are two white-labelled funds used in the default strategy; the Morrisons Growth Fund and the Morrisons Pre-Retirement Fund. The underlying fund composition of these funds is shown in the table below:

Fund	Underlying funds
Morrisons Growth Fund	100% BlackRock (30:70) Currency Hedged Global Equity Index
Morrisons Pre-Retirement Fund	55% BlackRock Corporate Bond All Stocks Index
	25% BlackRock Over 5 Year Index-Linked Gilt Index
	20% BlackRock Overseas Bond Index

The default lifestyle allocation is shown in the following chart:



Self-Select Options

In addition to the default the members can choose from a range of self-select fund options.

The Morrisons Group decided that members would be able to select from the full self-select fund range as governed by the Aviva Master Trust Trustees; no bespoke self-select fund range was put in place, other than to exclude the components of Aviva's "off-the-shelf" lifestyle strategies from the self-select fund range.

Appendix 1 – Sony Europe Limited Section of the Scheme

This Appendix is for the Sony Europe Limited Section of the Aviva Master Trust.
The Trustees have taken advice from KPMG on the suitability of the investment strategy for this section.

Investment Objectives

The main investment objectives are:

- The Trustees are to retain sole responsibility for the ongoing governance, following initial advice on the suitability of the investment strategy at inception of the Sony Europe Limited Section.
- The default investment option should be a well thought out and sophisticated solution that is likely to be suitable for a typical member.
- To include a range of investment options that represent good choice and value for money for members.

Default Option

A default option has been selected for the Sony Europe Limited Section and has been designed to be suitable for a typical member. The default has been chosen taking account of:

- The kinds of investments to be held
- The balance between different kinds of investments
- Investment risks
- The expected return on investments
- Realisation of investments
- Socially responsible investment requirements

The default option for the Sony Europe Limited Section is My Future Focus (from October 2019).

At inception, the default investment strategy for the Sony Europe Limited Section was My Future Plus, which was one of the Scheme's alternative lifestyle options. The Trustees received advice that My Future Plus was appropriate for this Section, as it provided a good balance of cost and sophistication for members and that the additional cost compared to the Scheme default (My Future) was justified based on the additional diversification and volatility controls which it offered.

From October 2019, My Future Plus was replaced by My Future Focus (which remains one of the Scheme's alternative lifestyles). The Trustees received advice on this change which led to the removal of the volatility cap and replacement with a more integrated strategic and tactical investment approach managed by Aviva Investors, a shorter glidepath, increased equity diversification, allocation to direct property, ESG integration and lower cost. Overall, these changes were viewed as positive.

Self-Select Options

In addition to the default the members can choose from a range of self-select fund options.

Appendix 2 - Aviva Master Trust Environmental, Social and Governance Policy Statement

1. Introduction

This Environmental Social and Governance ("ESG") Policy Statement ("the Policy") has been prepared by the Trustees of the Aviva Master Trust ("the Scheme") to set out their views on ESG factors (including climate change). It considers how they are addressed whilst meeting the overall objectives of the Scheme's investment strategy, as set out in the Statement of Investment Principles ("SIP").

Responsible Investment is the term that the Trustees use to define an approach to investing that aims to incorporate ESG factors into investment decisions, to better manage risk and generate long-term, sustainable returns for members of the Scheme over the time horizons applicable to their membership.

The purpose of the Policy is to sit alongside the Scheme's SIP, formalising the Trustees' beliefs on ESG factors as discussed with their legal and investment advisors. The Policy provides a reference point for the Trustees for incorporating ESG factors into investment decision making. It covers those factors that are considered to have a financial impact on investment values, but not non-financial ones such as members' ethical views.

2. Rationale for the Policy

The Scheme is designed for multiple employers, but delivered under a single trust arrangement and governed by a Trustee Board investing on behalf of members.

As part of their duties, which includes a comprehensive approach to risk management, the Trustees recognise the need for the Scheme to be a long-term, responsible stakeholder.

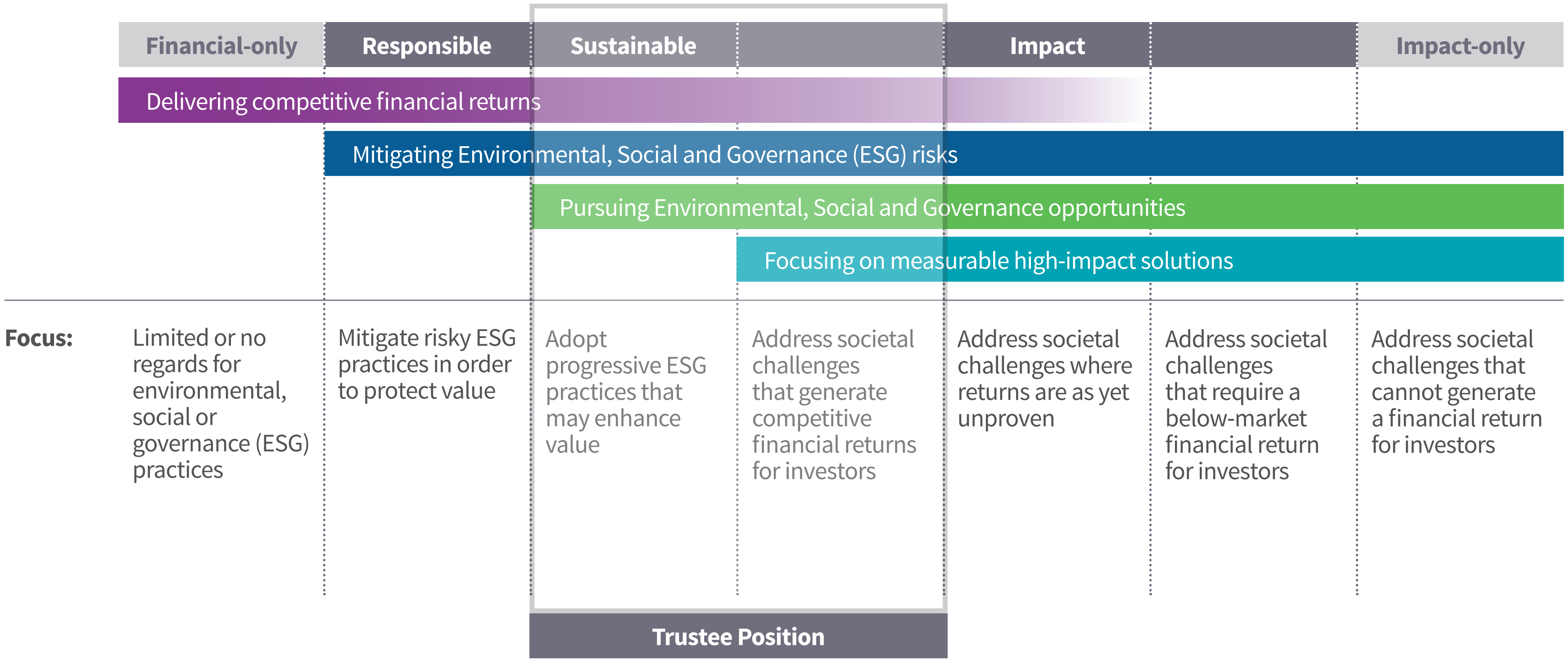
By taking an active approach to include ESG factors in investment decision making, the Trustees believe they will reduce overall investment risks whilst generating sustainable investment returns.

- The Department for Work & Pensions has also expanded the scope of regulations to improve disclosure of Trustees' policies on factors financially material to their investment decision making, including ESG factors and climate change. From 1st October 2019, the Trustees are required to include in the SIP their policies on how they take account of these factors. The SIP must also be published online. From 1st October 2020, the Trustees must prepare an annual implementation statement to communicate to members how, and the extent to which, these polices set out in the SIP have been followed during the year.

3. Process undertaken in agreeing the ESG policy

At a meeting on 30th April 2019, the Trustees, with support from their legal and investment advisors, discussed their beliefs in relation to ESG. This included the completion of a questionnaire which captured their views about a set of ESG statements and then mapped the responses against the Bridges Spectrum of Capital (a widely-used industry benchmark for aligning investment beliefs to various approaches to ESG investing). The illustration below sets the different approaches that can be taken.

Following discussions and a review of their responses to the questionnaire, the Trustees agreed that their aspiration was for the Scheme to pursue a “sustainable” investment approach that integrates ESG in investment decision making in order to generate more sustainable long-term investment returns. The Trustees also agreed that the Scheme should seek to invest in a way which is likely to generate a positive and measurable environmental or societal impact whilst generating competitive financial returns. The Trustees’ position is indicated on the Bridges Spectrum of Capital below.



Source: Bridges Fund management

4. The Trustees’ ESG beliefs

The Trustees have considered and discussed ESG to establish their beliefs to help underpin the Trustees’ decision making. The following represent a consensus of the beliefs held by the Trustees:

i. ESG issues, including climate change are a source of investment opportunities and are important in managing risks. Climate change also represents a systemic risk to investments.

ii. The Trustees generally favour an integrated approach to ESG.

iii. Integrating ESG means that investment decision making ensures that companies have a robust approach to a range of factors including board structure, remuneration, sustainability, risk management and debtholder rights.

iv. ESG factors, which are considered to be financially material, should be integrated into the overall management of the default option.

v. In addition to this, specialist funds which invest according to enhanced sustainable and/or responsible investment themes should be offered as part of the self-select fund range.

vi. ESG factors are dynamic and continually evolving; therefore, the Trustees should receive training as required to develop their knowledge.

vii. Ongoing monitoring and reporting of how asset managers manage ESG factors is important.

viii. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why.

ix. Asset managers investing in asset classes other than listed equities have a responsibility to engage with management on ESG factors.

x. Asset managers should vote and engage on behalf of the Trustees.

The Trustees are working with their advisors and Aviva (as sponsor and provider of the investment platform) to determine how to implement these beliefs most appropriately within the Scheme’s investment strategy.

5. Impact of the Policy on investment decision making and the investment strategy

The Trustees decide the range of funds to be offered within the Scheme and the design of the default fund.

With regards to the design of the default fund, the Trustees should ensure that the funds making up the default fund integrate ESG into the investment decision making process where permissible within applicable guidelines and restrictions. Furthermore, the Trustees should consider offering a lifestyle option comprised of specialist funds which invest according to enhanced sustainable and/or responsible investment themes only, for those members seeking further integration.

The Trustees should ensure that all funds available through the Scheme have considered ESG and have a clear approach and framework for managing these factors. The Trustees should also offer specialist funds which invest according to enhanced sustainable and/or responsible investment themes for the major asset classes where available, as self-select specialist funds are available for members.

In appointing and reviewing the Scheme’s asset managers, the Trustees, with the assistance of its advisor, should consider their approach to ESG.

6. Implementing the Policy

The Trustees will implement the policy through the following steps:

i. The Trustees will continue to develop their understanding of ESG factors through training and experience.

ii. ESG beliefs will be formally reviewed triennially or more frequently if required by the Trustees or by legislative or regulatory change.

iii. The default fund will be reviewed to ensure all financially material (including ESG) risks are managed appropriately.

iv. The self-select range will be reviewed to ensure there is appropriate availability of ESG funds and specialist funds which invest according to enhanced sustainable and/or responsible investment themes.

v. An initial review will be undertaken of each of the Scheme's asset managers' approach to ESG.

vi. The Trustees will consult with the Sponsor on ESG issues.

vii. Thereafter, the Trustees will continue to periodically monitor the whole fund range (default and self-select) and the Scheme's asset managers' approach to ESG.

7. Monitoring and reviewing the Policy

The Trustees will monitor the Scheme' assets against this Policy on an ongoing basis, with the assistance of its investment advisor. The development of the Policy is viewed as an ongoing process, with the Trustees reviewing the Policy periodically in line with the SIP. When reviewing the Policy, the Trustees will take account of any significant developments in the market.

In order to further formalise the ESG integration alongside the broader risk management framework, the Trustees will update the SIP when they are comfortable that they have fully addressed this topic.

Signature 

Position: Chair of Trustees

Name: Colin Richardson

Date: 21 October 2019

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Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm Reference Number 185896.

SP99505 10/2019