

THE AB INBEV UK LTD PENSION PLAN (THE "PLAN")

ANNUAL GOVERNANCE STATEMENT FOR THE SCHEME YEAR ENDING 31 DECEMBER 2022

PREPARED IN ACCORDANCE WITH REGULATION 23 OF THE OCCUPATIONAL PENSION SCHEMES (SCHEME ADMINISTRATION) REGULATIONS 1996 (THE "REGULATIONS")

1. Introduction

1.1 Regulations effective from 6 April 2015 require the Trustee to prepare a statement showing how it has met governance standards in relation to defined contribution ("DC") benefits. In doing so, we provide the various statutory disclosures required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

1.2 The statement covers five principal areas:

1. *The default investment arrangement*
2. *Core financial transactions*
3. *Charges, transaction costs and investment performance*
4. *Value for Members assessment, and*
5. *The Trustee's compliance with the statutory knowledge and understanding requirements.*

As Chair of the Trustee, it is my pleasure to report to you on how the Trustee has embedded these standards in relation to the Plan's DC Section over the period from 1 January 2022 to 31 December 2022.

This Statement does not contain advice in respect of actions that members should take and is not intended to be used for that purpose. If members need advice, The Money Advice Service, a free and impartial service set up by the Government has a retirement adviser directory on their website:

<https://directory.moneyadviceservice.org.uk/en> where you can look for advisers in your area.

In September 2021, the Trustee welcomed members into the Plan from the pension arrangement of SAB, a company AB InBev acquired in 2016. As part of the Former SAB members joining the Plan, the Trustee chose, at that time, not to change where those members are invested or who administered those benefits. As a result there are now two distinct sections of the Plan, the Former SAB section and the AB InBev Section. This Statement will cover both sections.

2. Default Investment Arrangement in the Money Purchase Section

2.1 A copy of the Plan's latest Statement of Investment Principles ("SIP") is attached. The SIP has been prepared in accordance with Section 35 of the Pensions Act 1995, regulation 2A of the Occupational Pension Plan (Investment) Regulations 2005 and subsequent legislation. The SIP covers our aims and objectives in relation to the default investment arrangement as well as our policies relating to matters such as risk and diversification. In addition to the default funds, the SIP also covers alternate investment choices under the Plan, including the range of funds from which our members can choose, which was designed with their needs in mind.

2.2 The Trustee is responsible for setting the Plan's investment strategy and for appointing investment managers to carry out that strategy. It must also establish a default investment arrangement for members who do not select their own investment options from the fund range that is available.

2.3 Within the AB InBev Section, the investment strategy was reviewed in detail over 2020, and, as a result of the review, the Trustee decided to make a number of changes to the Plan's investment strategy, considering appropriate investment advice. These included introducing new self-select funds and changing the investment strategy and at-retirement allocation for the default investment strategy, from the Working Life Strategy Cash Ready to the Working Life Strategy Drawdown Ready. These changes were communicated to members in November 2020.

2.4 It should be noted that members who hold defined benefits within the Plan were not automatically moved to the Working Life Strategy Drawdown Ready strategy, and remain in Working Life Strategy Cash Ready strategy. This is because the expectation is that those individuals may wish to take their DC benefits within the Plan as a cash lump sum.

2.5 Throughout this Statement, the “Working Life Strategy Drawdown Ready”, will refer to the default investment arrangement for the AB InBev Section of the Plan. The “Target Drawdown Strategy” will refer to the default investment arrangement for the Former SAB Section of the Plan.

2.6 The default investment arrangements have been selected by the Trustee for members who have not actively selected a fund choice, and targets income drawdown at retirement.

2.7 Within the Working Life Strategy Drawdown Ready, initially, members’ funds are invested in the AB InBev Long Term Growth Fund (the “Growth Fund”) if more than seven years away from retirement. The Growth Fund consists of 80% equities (of which around 30% is invested in the UK, and 70% global equities), and 20% within a diversified growth fund.

Over the seven years leading to retirement, assets are slowly switched into investments that are broadly suitable for members looking to drawdown on their pension pot during retirement, so as to end up with 30% in cash, and 70% in the AB InBev Pre-Retirement Fund, which is a diversified fund designed to generate above inflationary growth whilst protecting against market volatility.

2.8 Within the Target Drawdown Strategy, members’ funds are invested in the Designated Global Growth Multi-Asset Fund if more than five years away from retirement. This fund consists of 30% global equities, and 70% within diversified growth funds.

Over the 5 years leading to retirement, some of the assets are switched into cash and corporate bonds. The result of this switching will be that, at retirement, a member’s fund will be invested 50% in the Designated Global Growth Multi-Asset Fund, 30% in cash and 20% in corporate bonds. The aim is to ensure that members’ assets are invested in such a way at the point of their target retirement date as to enable members to maintain a broadly suitable mix of assets to access long-term drawdown and facilitate the option to take tax-free cash.

2.9 Members of both sections may opt out of their respective default arrangement if they wish, and choose an alternative lifestyle arrangement better aligned to how they intend to take their benefits at retirement or they may choose one or more of the self-select fund options. Both sections have lifestyle strategies intended to be suitable for individuals who wish to take cash at retirement, or purchase an annuity.

2.10 The Trustee believes that, as members’ funds grow, investment risk will have a greater impact on retirement outcomes. A strategy that seeks to reduce risk as the member approaches retirement is therefore appropriate. Falls in the values of equity investments could potentially inflict significant losses to members’ savings at a time when they have insufficient years of accumulation remaining to recover from such losses, particularly if they choose to make early withdrawals from savings.

2.11 The vast majority of members currently invest via the default investment arrangements. The Trustee therefore understands the importance of designing and maintaining a default investment arrangement that is suited to members’ needs

2.12 The Trustee and its investment adviser review how the funds within the default investment strategy, alternate lifestyle strategies and self-select fund range have performed against investment manager objectives and benchmarks, via quarterly investment performance monitoring reports. Investments are a standing item at each Trustee meeting.

2.13 The Trustee believes that no single default strategy can be designed to suit the needs of all Plan members, given that individuals will likely have differing investment needs that may change during their working lives. To help members make investment decisions based on their individual circumstances the Trustee makes available a range of investment funds, and provides members with guides, fact sheets and modelling tools via Fidelity’s Membersite for the AB InBev Section, and via the Aegon Membersite for the Former SAB Section.

2.14 The Trustee understands the requirement to carry out an investment strategy review at least triennially. The next review is due to take place over 2023. As at June 2023, the review of the ABI section is complete with the review of the SAB section ongoing.

3. Core Financial Transactions

3.1 As required by the Administration Regulations, the Trustee must ensure that core financial transactions are processed promptly and accurately. This includes:

- Investment of contributions made to the Plan by members and their employer;
- Transfer of members' assets into and out of the Plan;
- Transfers of members' assets between different investment options available in the Plan, and;
- Payments from the Plan to or in respect of members (e.g. payment of death benefits).

3.2 The Trustee recognises that delay and error can cause significant losses for members. Delay and errors can also cause members to lose faith in the Plan, which may in turn reduce their propensity to save and impair future retirement outcomes. The Trustee therefore operates measures and controls aimed at ensuring that all financial transactions (such as benefit payments and switches between funds) are processed promptly and accurately.

3.3 The Schedule of Contributions sets out timescales for participating companies to remit monthly contributions to the Plan in accordance with legislative requirements. However, agreed practice provides for payment of contributions in advance of these timescales. The deduction and payment of contributions is reviewed by the Company. Once received, contributions are invested in accordance with the timescales set out in the administration agreement with the administrator.

3.4 The Trustee operates an outsourced operational model, with much of the day-to-day running of the Plan's outsourced to administrators. Fidelity administer the AB InBev Section and Aegon administer the Former SAB Section. The Trustee has agreed timescales with the administrators for the processing of all member-related services, including core financial functions relating to contribution handling, quoting benefits and paying benefits. These timescales relating to core financial transactions are well within any applicable statutory timescale and are summarised below:

Fidelity:

Task	Service Level Agreement (working days)
Contribution Investment	2
Setting up new accounts	5
Non-vested leavers	10
Vested Leavers	5
Retirement Settlements	5
Transfers In	5
Transfers Out	5

Aegon:

Task	Service Level Agreement (working days)
Change retirement age	3
Switch request	1
Transfer out	5
Retirement	5
Transfer in	5

The administrator records all member transactions and benefit processing activities in a work management system which assigns the relevant timescale to the task.

3.5 The Trustee receives quarterly administration reports produced by the two administrators, which are reviewed by the Trustee through their administration sub-committee. This enables the Trustee to monitor that the requirements for the processing of financial transactions are being met.

- 3.6 The service level standards are reviewed periodically to ensure they remain appropriate and meet legislative requirements. Over the Plan year, Fidelity processed 99.9% of cases within the targets agreed with the Trustee averaged over four quarterly reports, Aegon achieved 83.8%. The Trustee periodically review the service levels to ensure that they remain appropriate and meet legislative requirements.
- 3.7 The Trustee challenges the administrators on the processing of core financial transactions. The administrators are aware of the statutory deadlines for the processing of all member-related services, including core financial functions such as investment switches and benefit payments. The Trustee will continue to seek the relevant details to support effective monitoring of these processes.
- 3.8 The Trustee also monitors the accuracy of the Plan's common data quality. A summary report is received from both administrators. Reasons for any decline in common data score are considered, as are the remedial measures available to the Trustee (for example address tracing).
- 3.9 The Trustee has appointed an independent auditor, RSM, to carry out an annual audit of the Plan, including the material financial transactions that have taken place during the Plan year. The auditors carry out spot checks to ensure that contributions to the Plan or payments made by the Plan are paid in accordance with the Plan's rules. There were no issues to report during the period to which the Statement relates.
- 3.10 The Trustee has continued to monitor the administrators via the administration sub-committee. During the period to which this Statement relates, the Trustee raised concerns regarding the fall in service levels over Quarter 2 and Quarter 3 but are pleased to report that service levels returned to satisfactory levels in Quarter 4.
- 3.11 Overall, the Trustee is satisfied that the Plan's core financial transactions have been processed promptly and accurately during the period to which this Statement relates. Any member complaints are monitored and discussed as meetings, both in terms of how they arose and how they are resolved. The timeliness of all processes is monitored through quarterly reports received from the administrator. The Trustee relies on the administrator to report to the Trustee when errors are made, and the Trustee has no concerns in this area.
- 3.12 As a wider review of the administrators in general, the Trustee receives the Plan administrators' assurance reports on internal controls and noted in all material aspects, their controls were suitably designed and those tested operated effectively.
- 3.13 The Plan's risk register details the key risks to Plan members and is monitored and reviewed periodically. The risk register sets out controls to mitigate the effects of these risks.

4. Charges, Transaction Costs and Investment Performance

- 4.1 As required by the Administration Regulations, the Trustee is required to report on the charges and transactions costs for the investments used in the default arrangements as well as funds available as self-select options to members, and its assessment on the extent to which the charges and costs represent good value for members.
- 4.2 The range of the levels of charges and transaction costs applicable to the default arrangements during the period are detailed below. In relation to transaction costs, we note that when buying and selling investments, transaction costs can be incurred. Transaction costs are not explicitly reported, but are captured in investment performance (in other words, the higher the transaction costs, the lower the returns produced by a fund). The Financial Conduct Authority has provided guidance (in Policy Statement 17/20) to investment managers regarding calculations and disclosures of transaction costs. Due to the way in which transaction costs are required to be calculated, they can be negative or positive in nature; a negative figure is effectively a gain from trading activity, despite any costs incurred by the investment manager.
- 4.3 Charges relating to investment management are deducted from members' funds. The Plan is used as a qualifying arrangement for auto enrolment and as such must comply with regulations on charge controls introduced from April 2015. Specifically, all of the default investment arrangements under the Plan must have a total expense ratio equal to, or below the charge cap of 0.75% p.a. of savings.
- 4.4 The tables below show the total expense ratio (TER) and transaction costs in each of the funds underlying the Plan's default lifestyle arrangements, and the self-select range. The TER represents total costs including

annual management charges and administration costs incurred by investors in the fund, expressed as a percentage of the fund value.

The overall charge being deducted from a member's fund, if in a default lifestyle arrangement, will reflect the member's allocations in each of the underlying funds.

AB InBev Section - Default Funds	TER (%)	Transaction Cost (%)
AB InBev Long Term Growth Fund	0.40	0.01
AB InBev Pre-Retirement Fund	0.63	0.00
BlackRock Cash Fund	0.20	0.02

Source: Fidelity. Transaction costs as at June 2022. Transaction costs as at December not available at the time of writing.

AB InBev Section – Self-Select Funds	TER (%)	Transaction Cost (%)
AB InBev Diversified Fund	0.58	0.00
Fidelity Pension Annuity Fund	0.25	0.00*
BlackRock Over 15Years UK Gilt Index Fund	0.30	-0.03
BlackRock Over 5Years Index Linked Gilt Fund	0.30	0.02
Fidelity UK Corporate Bond Fund	0.50	0.00*
AB InBev LGIM North American Index	0.34	-0.05
BlackRock European Equity Index Fund	0.35	0.02
BlackRock UK Equity Index Fund	0.20	0.07
AB InBev South East Asia Pensions Fund	0.91	-0.01*
BlackRock Emerging Markets Fund	0.50	-0.13
LGIM Future World Fund	0.59	0.06

Source: Fidelity. TERs as at 31 December 2022. Transaction costs as at June 2022.

*Transaction costs for these funds as at December 2022.

Former SAB Section - Default Funds	TER (%)	Transaction Cost (%)
Designated Global Growth Multi Asset	0.48	0.49
Standard Life Corporate Bonds	0.47	0.07
BlackRock DC Cash	0.18	0.02

Source: Aegon as at 31 December 2022. Transaction costs are as at September 2022

Former SAB Section – Self-Select Funds	TER (%)	Transaction Cost (%)
BlackRock DC 30/70 Hedged Global Equity	0.25	0.00
BlackRock Market Advantage	0.49	1.21
LGIM Diversified Fund	0.51	0.00
BlackRock DC 50/50 Global Growth	0.45	0.14
BlackRock DC Aquila US Equity Index	0.23	0.02
BlackRock DC UK Growth	0.45	0.12
BlackRock Alpha Small Companies	0.45	0.56
BlackRock Long Gilt	0.20	-0.05

BlackRock Pacific Rim Equity Index	0.23	0.00
BlackRock European Equity Index	0.23	0.01
BlackRock Index Linked Gilts	0.20	0.00
BlackRock UK Equity Index Tracker	0.23	0.10
LGIM Future World Annuity Aware	0.35	0.00
BlackRock World (ex-UK) Equity Index	0.23	0.09
Aegon Property	0.96	0.10
BlackRock Emerging Markets	0.49	0.83
Standard Life GARS	0.91	0.54
BlackRock Emerging Markets Equity Index	0.40	-0.03
BlackRock Diversified Growth	0.60	0.37
BlackRock UK Special Situations	0.47	0.54
Aegon AM Ethical Equity	0.93	0.17
BlackRock Over 15 Year Corporate Bond Index	0.24	0.11
HSBC Islamic Global Equity Index	0.50	-0.01
BlackRock Japanese Equity Index	0.23	-0.02
BlackRock Gold & General	0.47	0.21

Source: Aegon as at 31 December 2022. Transaction costs are as at September 2022

4.5 Under the Administration Regulations, the Trustee must show net of fees investment returns for all funds available to members during the Plan year, assuming different ages of member. These are detailed below:

AB InBev Section - Default Working Life Strategy Drawdown Ready strategy			
Age	1 year annualised investment return	5 year annualised investment return	Since inception annualised investment return
25	-8.4	n/a – fund not in use for 5 years	8.8
45	-8.4	n/a – fund not in use for 5 years	8.8
55	-8.4	n/a – fund not in use for 5 years	8.9

Source: Fidelity as at 31 December 2022. Inception date taken as January 2019 for representative purposes.

AB InBev Section - Default Working Life Strategy Cash Ready strategy			
Age	1 year annualised investment return	5 year annualised investment return	Since inception annualised investment return
25	-8.4	n/a – fund not in use for 5 years	8.8
45	-8.4	n/a – fund not in use for 5 years	8.8
55	-8.4	n/a – fund not in use for 5 years	9.0

Source: Fidelity as at 31 December 2022. Inception date taken as January 2019 for representative purposes.

Former SAB Section – Default Target Drawdown strategy		
Age	1 year annualised investment return	5 year annualised investment return
25	-11.9	2.1
45	-11.9	2.1
55	-11.9	2.1

Source: Aegon as at 31 December 2022

AB InBev Section – Self-Select range			
Fund	1 year annualised investment return	5 year annualised investment return	Since inception annualised investment return
AB InBev Long Term Growth Fund	-8.4	n/a – fund not in use for 5 years	5.8
AB InBev Diversified Fund	-9.6	n/a – fund not in use for 5 years	3.0
AB InBev Pre Retirement Fund	-7.9	n/a – fund not in use for 5 years	-1.1
Fidelity Pensions Annuity Fund	-25.3	-2.7	n/a
BlackRock Cash Fund	1.2	0.5	n/a
BlackRock Over 15 Years UK Gilt Index Fund	-40.5	-6.9	n/a
BlackRock Over 5 Years Index Linked Gilt Fund	-38.2	-5.3	n/a
Fidelity UK Corporate Bond Fund	-17.2	-1.0	n/a
AB InBev LGIM North American Index	-9.6	n/a – fund not in use for 5 years	11.4
BlackRock European Equity Index Fund	-7.6	4.8	n/a
BlackRock UK Equity Index Fund	-0.2	2.7	n/a
AB InBev South East Asia Pensions Fund	-11.6	n/a – fund not in use for 5 years	2.8
BlackRock Emerging Markets Fund	-10.0	0.4	n/a
LGIM Future World Fund	-7.4	n/a – fund not in use for 5 years	7.1

Source: Fidelity as at 31 December 2022. Since inception dates are 21 of March 2018 for the AB InBev Long Term Growth Fund, the AB InBev Diversified Fund, the AB InBev LGIM North American Index and the AB InBev South East Asia Pensions Fund; 18 of November 2020 for the AB InBev Pre Retirement Fund; and 19 of June 2019 for the Fidelity L&G Future World Fund.

Former SAB Section – Self-Select range		
Fund	1 year annualised investment return	5 year annualised investment return
Designated Global Growth Multi Asset	-11.9	2.1
BlackRock DC 30/70 Hedged Global Equity	-11.5	4.8
BlackRock Market Advantage	-13.9	-0.6
LGIM Diversified Fund	-9.4	2.8
Standard Life Corporate Bonds	-18.6	-1.8
BlackRock DC Cash	1.2	0.5

BlackRock DC 50/50 Global Growth	-8.1	6.1
BlackRock DC Aquila US Equity Index	-11.1	11.2
BlackRock DC UK Growth	-5.1	3.6
BlackRock Alpha Small Companies	-24.8	4.6
BlackRock Long Gilt	-40.2	-6.8
BlackRock Pacific Rim Equity Index	-1.9	3.2
BlackRock European Equity Index	-8.2	4.9
BlackRock Index Linked Gilts	-38.3	-5.3
BlackRock UK Equity Index Tracker	0.7	2.8
LGIM Future World Annuity Aware	-29.3	-4.0
BlackRock World (ex-UK) Equity Index	-9.5	8.7
Aegon Property	-13.1	1.6
BlackRock Emerging Markets	-18.5	2.7
Standard Life GARS	-9.2	-0.8
BlackRock Emerging Markets Equity Index	-10.6	0.4
BlackRock Diversified Growth	-9.0	2.0
BlackRock UK Special Situations	-16.6	1.9
Aegon AM Ethical Equity	-22.5	-0.8
BlackRock Over 15 Year Corporate Bond Index	-34.6	-4.4
HSBC Islamic Global Equity Index	-15.5	11.3
BlackRock Japanese Equity Index	-5.1	2.6
BlackRock Gold & General	-6.0	5.4

Source: Aegon as at 31 December 2022

5. Impact of Costs and Charges

5.1 Using the charges and transaction cost data provided by Fidelity and Aegon and in accordance with regulation 23(1)(ca) of the Administration Regulations, the Trustees have prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot. The statutory guidance has been considered when providing these examples

- Savings pot size;
- Real terms investment, return net of costs and charges;
- Adjustment for the effect of costs and charges, and;
- Time.

Illustration 1: A typical active member in the AB InBev Section

Age	Most popular fund: Default Working Life Strategy Drawdown Ready		Legacy Default Working Life Strategy Cash Ready		Highest cost fund: AB InBev South East Asia Pensions Fund		Lowest cost fund: Fidelity BlackRock Cash Fund	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
38	£18,910	£18,830	£18,910	£18,830	£18,990	£18,791	£18,472	£18,434
40	£29,379	£29,067	£29,379	£29,067	£29,701	£28,926	£27,655	£27,511
45	£57,582	£56,234	£57,582	£56,234	£59,058	£55,686	£50,142	£49,577
50	£88,944	£85,808	£88,944	£85,808	£92,506	£84,611	£71,974	£70,776
55	£123,820	£118,001	£123,820	£118,001	£130,615	£115,874	£93,169	£91,142
60	£161,324	£151,790	£160,781	£151,475	£174,036	£149,665	£113,746	£110,707
65	£191,606	£177,542	£185,882	£174,246	£223,507	£186,188	£133,723	£129,503

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustee has based this assumed member on data sourced from the administrator (Fidelity). The assumed member is age 37, with a normal retirement age of 65, using a starting pot size of £13,840 and a salary of £39,390. The member's total contributions (including those from the employer) are assumed to be 12% of the member's salary per annum, and is assumed to increase in line with inflation.
4. Inflation is assumed to be 2.5% per annum.
5. Charges, transaction costs and estimated growth rates are assumed as follows:

	TER	Transaction costs	Growth rate assumptions
Default Working Life Strategy Drawdown Ready	0.40% p.a. for members 7 or more years from retirement, rising to 0.50% p.a. for members at retirement	0.03% p.a. for members 7 or more years from retirement; an average of 0.02% for members within 7 years of retirement and beyond	4.62% p.a. before inflation for members 7 or more years from retirement, falling to 2.72% p.a. before inflation for members at retirement
Legacy Default Working Life Strategy Cash Ready	0.40% p.a. for members 7 or more years from retirement, falling to 0.20% p.a. for members at retirement	0.03% p.a. for members 7 or more years from retirement; an average of 0.02% for members within 7 years of retirement and beyond	4.62% p.a. before inflation for members 7 or more years from retirement, falling to 1.90% p.a. before inflation for members at retirement
AB InBev South East Asia Pensions Fund	0.91% p.a.	0.14% p.a.	5.00% p.a. before inflation
Fidelity BlackRock Cash Fund	0.20% p.a.	0.01% p.a.	1.90% p.a. before inflation

Charge and costs figures provided by Fidelity; growth rate assumptions provided by Mercer and Fidelity. The Regulations require that where possible the transaction costs assumed in these illustrations are based on an average of the previous five years' transaction costs for each fund, where available. As Fidelity is unable to provide historic transaction costs for these funds, the transaction costs shown above are an average of the costs provided for the 4 years period to December 2022, where available. For those funds where transaction costs as at December were not available at the time of writing, these are as at June 2022.

Illustration 2: A typical member in the Former SAB Section

Age	Most popular fund: The Target Drawdown Lifestyle		Highest cost fund: Standard Life GARS		Lowest cost fund: BlackRock DC Cash	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
47	£50,370	£50,043	£50,633	£49,936	£47,821	£47,728
50	£55,765	£54,332	£56,941	£53,867	£45,306	£44,953
55	£66,071	£62,314	£69,249	£61,118	£41,405	£40,682
60	£78,282	£71,468	£84,216	£69,346	£37,840	£36,817
65	£86,460	£76,782	£102,419	£78,682	£34,581	£33,319

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustee has based this assumed member on data sourced from the administrator (Aegon). The assumed member is age 46, with a normal retirement age of 65, using a starting pot size of £48,690. The member is assumed to be making no further contributions to the Plan.
4. Inflation is assumed to be 2.5% per annum.
5. Charges, transaction costs and estimated growth rates are assumed as follows:

	TER	Transaction costs	Growth rate assumptions
The Target Drawdown Lifestyle	0.48% p.a. for members 5 or more years from retirement, falling to 0.39% p.a. for members at retirement	0.17% p.a. for members 5 or more years from retirement; an average of 0.13% for members within 5 years of retirement and beyond	5.77% p.a. before inflation for members 5 or more years from retirement, falling to 3.45% p.a. before inflation for members at retirement
Standard Life GARS	0.91% p.a.	0.47% p.a.	6.00% p.a. before inflation
BlackRock DC Cash	0.18% p.a.	0.02% p.a.	0.70% p.a. before inflation

Charge and costs figures provided by Aegon; growth rate assumptions provided by Mercer and Aegon. The Regulations require that where possible the transaction costs assumed in these illustrations are based on an average of the previous five years' transaction costs for each fund, where available. As Aegon is unable to provide historic transaction costs for these funds, the transaction costs shown above are an average of the costs provided for the 4 years period to September 2022.

Illustration 3: The youngest member within the AB InBev Section

Age	Most popular fund: Default Working Life Strategy Drawdown Ready		Legacy Default Working Life Strategy Cash Ready		Highest cost fund: AB InBev South East Asia Pensions Fund		Lowest cost fund: Fidelity BlackRock Cash Fund	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
19	£8,568	£8,531	£8,568	£8,531	£8,599	£8,509	£8,394	£8,376
20	£12,621	£12,530	£12,621	£12,530	£12,705	£12,480	£12,166	£12,123
25	£34,229	£33,575	£34,229	£33,575	£34,917	£33,285	£30,693	£30,410
30	£58,257	£56,484	£58,257	£56,484	£60,225	£55,773	£48,680	£47,979
35	£84,977	£81,422	£84,977	£81,422	£89,059	£80,080	£66,143	£64,857
40	£114,689	£108,570	£114,689	£108,570	£121,912	£106,351	£83,096	£81,071
45	£147,730	£138,122	£147,730	£138,122	£159,344	£134,747	£99,555	£96,648
50	£184,472	£170,293	£184,472	£170,293	£201,992	£165,439	£115,535	£111,613
55	£225,330	£205,314	£225,330	£205,314	£250,583	£198,613	£131,048	£125,990
60	£268,608	£241,411	£267,691	£240,900	£305,947	£234,469	£146,109	£139,801
65	£298,559	£263,962	£289,356	£258,881	£369,026	£273,224	£160,731	£153,070

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustee has based this assumed member on data sourced from the administrator (Fidelity). The assumed member is age 18, with a normal retirement age of 65, using a starting pot size of £4,600 and a salary of £31,930. The member's total contributions (including those from the employer) are assumed to be 12% of the member's salary per annum, and is assumed to increase in line with inflation.
4. Inflation is assumed to be 2.5% per annum.
5. Charges, transaction costs and estimated growth rates are assumed as follows:

	TER	Transaction costs	Growth rate assumptions
Default Working Life Strategy Drawdown Ready	0.40% p.a. for members 7 or more years from retirement, rising to 0.50% p.a. for members at retirement	0.03% p.a. for members 7 or more years from retirement; an average of 0.02% for members within 7 years of retirement and beyond	4.62% p.a. before inflation for members 7 or more years from retirement, falling to 2.72% p.a. before inflation for members at retirement
Legacy Default Working Life Strategy Cash Ready	0.40% p.a. for members 7 or more years from retirement, falling to 0.20% p.a. for members at retirement	0.03% p.a. for members 7 or more years from retirement; an average of 0.02% for members within 7 years of retirement and beyond	4.62% p.a. before inflation for members 7 or more years from retirement, falling to 1.90% p.a. before inflation for members at retirement
AB InBev South East Asia Pensions Fund	0.91% p.a.	0.14% p.a.	5.00% p.a. before inflation
Fidelity BlackRock Cash Fund	0.20% p.a.	0.01% p.a.	1.90% p.a. before inflation

Charge and costs figures provided by Fidelity; growth rate assumptions provided by Mercer and Fidelity. The Regulations require that where possible the transaction costs assumed in these illustrations are based on an average of the previous five years' transaction costs for each fund, where available. As Fidelity is unable to provide historic transaction costs for these funds, the transaction costs shown above are an average of the costs provided for the 4 years period to December 2022, where available. For those funds where transaction costs as at December were not available at the time of writing, these are as at June 2022.

Illustration 4: The youngest deferred member within the Former SAB Section

Age	Most popular fund: The Target Drawdown Lifestyle		Highest cost fund: Standard Life GARS		Lowest cost fund: BlackRock DC Cash	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
29	£12,248	£12,169	£12,313	£12,143	£11,629	£11,606
30	£12,671	£12,507	£12,804	£12,454	£11,421	£11,377
35	£15,013	£14,345	£15,571	£14,130	£10,438	£10,296
40	£17,787	£16,452	£18,937	£16,032	£9,539	£9,318
45	£21,075	£18,868	£23,030	£18,191	£8,718	£8,432
50	£24,970	£21,640	£28,008	£20,639	£7,967	£7,631
55	£29,585	£24,819	£34,062	£23,418	£7,281	£6,906
60	£35,052	£28,465	£41,424	£26,570	£6,654	£6,250
65	£38,714	£30,581	£50,377	£30,147	£6,081	£5,656

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustee has based this assumed member on data sourced from the administrator (Aegon). The assumed member is age 28, with a normal retirement age of 65, using a starting pot size of £11,840. The member is assumed to be making no further contributions to the Plan.
4. Inflation is assumed to be 2.5% per annum.
5. Charges, transaction costs and estimated growth rates are assumed as follows:

	TER	Transaction costs	Growth rate assumptions
The Target Drawdown Lifestyle	0.48% p.a. for members 5 or more years from retirement, falling to 0.39% p.a. for members at retirement	0.17% p.a. for members 5 or more years from retirement; an average of 0.13% for members within 5 years of retirement and beyond	5.77% p.a. before inflation for members 5 or more years from retirement, falling to 3.45% p.a. before inflation for members at retirement
Standard Life GARS	0.91% p.a.	0.47% p.a.	6.00% p.a. before inflation
BlackRock DC Cash	0.18% p.a.	0.02% p.a.	0.70% p.a. before inflation

Charge and costs figures provided by Aegon; growth rate assumptions provided by Mercer and Aegon. The Regulations require that where possible the transaction costs assumed in these illustrations are based on an average of the previous five years' transaction costs for each fund, where available. As Aegon is unable to provide historic transaction costs for these funds, the transaction costs shown above are an average of the costs provided for the 4 years period to September 2022.

When preparing these illustrations, the Trustee has taken into account specific guidance from the Department for Work & Pensions and have followed the approach set out in that guidance.

- 5.2 The Trustee acknowledges its requirement to publish these illustrations on a publicly accessible website and this Statement will be available in time for the deadline of 7 months following the Plan year-end. The 2021 benefit statements included the web address (<https://retirement.fidelity.co.uk/costs-and-charges/abin>) in order to inform members where they can access this information.

6. Value for Members (VfM)

- 6.1 In accordance with regulation 25(1)(b), the Trustee is required to consider the extent to which member borne deductions represent good value when compared with other options available in the market. Although not a requirement, the Trustee also considered additional services offered by its providers which add value for members in its assessment.
- 6.2 There is no legal definition of "good value" and so the process of determining good value for members is at least partly a subjective one. The Trustee does not regard value as solely about achieving the lowest costs. Rather, it is a measure of the extent to which economic outlays (or 'price') are converted to provide the performance targets (or 'performance') for members that the Trustee seeks to achieve.
- 6.3 The Trustee has assessed the extent to which the charges set out above represent good value for members and has concluded, with support from its adviser, Mercer Ltd, that the Plan offers reasonable value for

money relative to peers (including other pension Plans of a similar size and nature). The report used data from Mercer, the Pensions Regulator and other public surveys; ratings within the report were relative to options available to the Trustee with alternative investment managers and providers.

6.4 The Trustee conducted a detailed Value for Members assessment in May 2022 in order to arrive at this conclusions, incorporating consideration of:

- Net of cost performance;
- The fees which members pay;
- Transaction costs;
- Mercer’s investment manager and fund ratings;
- Other areas not specifically required under legislation, such as the governance structure of the Plan, administration efficiency, and the tools available to members.

6.5 The reasons underpinning the conclusion that the Plan offers reasonable value include:

- Net of cost, performance for the majority of funds offer at least reasonable value, including the default investment arrangement.
- The majority of the fees for the Plan’s funds compare at least reasonably with those of peer funds based on asset size.
- Mercer rates the majority of the funds used by the Plan as having above average prospects of meeting their risk and return objectives.
- Members have a diverse range of funds to invest in.

6.6 The table below sets out a summary of the Trustee’s findings, the rating is based on a combination of the above factors, to the extent that they are relevant to the assessment of a single fund. The colour-coding of green-amber-red relates to good-reasonable-poor value respectively, although members should be aware that these are not necessarily indications of future performance nor the relative merits of one fund over another. Members should make investment choices after careful consideration and take advice (see Section 1.2) where needed.

AB InBev Section - Funds	VfM rating
AB InBev Long Term Growth Fund	Amber
AB InBev Diversified Fund	Green
AB InBev Pre Retirement Fund	Green
Fidelity Pensions Annuity Fund	Green
Fidelity BlackRock Cash Fund	Amber
Fidelity BlackRock Over 15 Years UK Gilt Index Fund	Amber
Fidelity BlackRock Over 5 Years Index Linked Gilt Fund	Amber
Fidelity UK Corporate Bond Fund	Green
AB InBev LGIM North American Index	Amber
Fidelity BlackRock European Equity Index Fund	Amber
Fidelity BlackRock UK Equity Index Fund	Green
AB InBev South East Asia Pensions Fund	Green
Fidelity BlackRock Emerging Markets Fund	Green
LGIM Future World Fund	Amber

Former SAB Section - Funds	VfM rating
Designated Global Growth Multi Asset	Amber

BlackRock DC 30/70 Hedged Global Equity	Green
BlackRock Market Advantage	Yellow
LGIM Diversified Fund	Yellow
Standard Life Corporate Bonds	Yellow
BlackRock DC Cash	Yellow
BlackRock DC 50/50 Global Growth	Green
BlackRock DC Aquila US Equity Index	Yellow
BlackRock DC UK Growth	Yellow
BlackRock Alpha Small Companies	Green
BlackRock Long Gilt	Yellow
BlackRock Pacific Rim Equity Index	Green
BlackRock European Equity Index	Green
BlackRock Index Linked Gilts	Yellow
BlackRock UK Equity Index Tracker	Green
LGIM Future World Annuity Aware	Yellow
BlackRock World (ex-UK) Equity Index	Green
Aegon Property	Red
BlackRock Emerging Markets	Yellow
Standard Life GARS	Red
BlackRock Emerging Markets Equity Index	Green
BlackRock Diversified Growth	Green
BlackRock UK Special Situations	Yellow
Aegon AM Ethical Equity	Red
BlackRock Over 15 Year Corporate Bond Index	Yellow
HSBC Islamic Global Equity Index	Yellow
BlackRock Japanese Equity Index	Green
BlackRock Gold & General	Green

6.7 The Plan's default investment arrangement fees are significantly below the charge cap of 0.75% per annum.

6.8 In other areas, the assessment found that the Plan offers good value for money across the range of additional features for members, including governance and management. The Trustee's costs are met by the sponsoring employer, which adds to the value that members receive.

6.9 The non-financial benefits of membership were also considered and included (amongst other things), the communications delivered to members and the quality of Plan governance.

6.10 The Trustee will continue to monitor the administration and performance of the Plan's investment funds.

6.11 This review is an annual requirement and the next formal Value for Members assessment is to be undertaken for the year ending 31 December 2023.

7. Trustee Knowledge and Understanding

7.1 The Plan is run by Trustee Directors and in accordance with sections 247 and 248 of the Pensions Act 2004, the Trustee is required to maintain an appropriate level of knowledge and understanding which, together

with professional advice enables the Trustee Directors to properly exercise their functions and duties in relation to the Plan.

- 7.2 The Trustee is conversant with, and have a working knowledge of, the Trust Deed and Rules. If there are any ambiguities over the interpretation of the Rules legal advice is sought from the Plan's legal advisers
- 7.3 The Trustee is conversant with, and has a working knowledge of, the current SIP. The Trustee undertakes regular training on investment matters and reviews the investments held by the Plan at least quarterly. The Trustee has sufficient knowledge of investment matters to be able to challenge its advisers.
- 7.4 This requirement has been met during the course of the Plan year and the Trustee has undertaken regular training throughout the year, including but not limited to:
- Holding a 'DC Strategy' meeting in November 2022, covering
 - Master Trusts, and how they compare to the existing arrangement;
 - The DC investment space;
 - DC governance;
 - Member communication strategy; and
 - At-retirement support.
 - Regular updates from advisers at Trustee meetings and sub-committee meetings, together with separate training from a variety of pension practitioners, with topics including:
 - ESG and climate change;
 - DC consolidation;
 - Pension scams;
 - Transfer regulations;
 - Communications and engagement;
 - Value for money; and
 - Investments.
- 7.5 During the Plan year, the Trustee undertook a number of activities that involved giving detailed consideration to pensions and trust law, the Plan's governing documents and the Statement of Investment Principles. This allowed the Directors to exercise their knowledge and understanding and to further strengthen their capabilities, for example, by developing their knowledge and understanding of the relevant principles relating to the funding and investment of occupational pension schemes. Examples of this application of knowledge are as follows:
- Reviewing and updating the Statement of Investment Principles in March 2022
 - Maintaining and updating Trustee policy documents (such as Risk Register each sub-committee reviewed the risks due for review twice during the year, the SIP is a standing agenda item for each quarterly trustee meeting, receiving quarterly presentations from their legal advisers (re legal issues) and their actuaries (re current hot topics, market trends)
 - Knowledge of the Trust Deed and Rules and Pensions/Trust law (which included making a rule amendment to cover trustee indemnities, running an MND exercise, regular interaction with legal advisers in terms of GMP reconciliation, rectification and equalisation as well as some complicated death cases).
- 7.6 The Trustee receives professional advice to support it in reviewing the performance of the Plan and in governing the Plan in line with the Trust Deed and Rules, and the relevant skills and experience of its advisers is a key criterion when evaluating adviser performance or selecting new advisers. The advice received by the Trustee, along with its own experience allows it to properly exercise its function as a Trustee.
- 7.7 All of the Trustee Directors in office either have completed the Pension Regulator's Trustee Toolkit, or are actively working through the modules.
- 7.8 No new Trustee Directors have joined the Trustee Company over the year, but the Trustee has a robust training programme in place for newly appointed Directors. Upon appointment, Trustee Directors are required to undertake completion of the Pensions Regulator's online training programme.

- 7.9 The Trustee has put in place arrangements for ensuring that each Trustee Director takes responsibility for keeping up to date with relevant developments and considers training requirements. Training for the Trustee Directors is provided regularly during meetings and a Trustee effectiveness questionnaire to assess additional training needs takes place biennially. This was most recently carried out in the first Quarter of 2022.
- 7.10 The Trustee reviews and assesses, on an ongoing basis, whether the systems, processes and controls across key governance functions are consistent with those set out in the Pension Regulator’s Code of Practice.
- 7.11 The Trustee believes that the best run pension schemes utilise the combined skill and knowledge of both the Trustee Directors and their professional advisers. The relevant skills and experience of those advisers are key criteria when evaluating adviser performance and selecting new advisers. Additionally, the following measures have applied during the period:
- The Trustee’s professional advisers attend its formal meetings
 - The Trustee contains Trustee Directors with wide ranging skills and experience, including pension experience
 - The Trustee receives briefings from its advisers on all legislative and regulatory developments at each meeting
- 7.12 Taking account of actions taken individually and as a Trustee, and the professional advice available to them, the Trustee believes it is able to properly enabled to exercise its function as a Trustee.

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015 (together ‘the Regulations’) and I confirm that the above statement has been produced by the Trustee and is correct to the best of my knowledge.

Signed for and on behalf of the Trustee of the AB InBev UK Ltd Pension Plan

Date

Original signed 30 June 2023. This unsigned version is for online display purposes only

By

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Chair of Trustee

Appendix A - Statement of Investment Principles

AB InBev UK Pension Plan: Defined Contribution, SAB Section and AVC Section Statement of Investment Principles (the DC SIP): March 2022

1 Introduction

- 1.1 The Trustee has produced a Statement of Investment Principles in accordance with Section 35 of the Pension Act 1995, and subsequent legislation
- 1.2 The Trustee has established an Investment Sub-Committee (the ISC) to make investment recommendations to the Trustee, or, if required, to take decisions on behalf of the DC Plan, and the AVC section of the Defined Benefit Plan (the DB Plan)
- 1.3 The ISC is responsible for proposing to the Trustee Board a Default Investment Option, and a range of funds, for individuals who wish to select their own investments, and for monitoring the performance of all funds
- 1.4 Day to day management of the assets is delegated to professional investment managers.
- 1.5 As required under the Act, in preparing the Statement the Trustee has consulted a suitably qualified adviser in obtaining written advice from Mercer. The Trustees, in preparing this Statement, have also consulted Budweiser Brewing Group / AB InBev UK Ltd ("the Company") as sponsors of the Plan. The advice received and arrangements implemented are in the Trustee's opinion, consistent with the requirements of Section 26 of the Pensions Act 1995 (as amended).
- 1.6 Overall investment policy falls into two parts. The strategic management of the assets is fundamentally the responsibility of the Trustees and is driven by their investment objectives as set out in Section 2 below. The remaining elements of policy are part of the day to day management of the assets, which is delegated to professional investment managers and described in Section 5.

Section 1 The ABI Defined Contribution and ABI AVC Section

2 Investment objectives

2.1 The objectives and risks set out below and other factors referenced in this Statement are those that the Trustees consider to be financially material considerations in relation to the Plan as a whole. The Trustees believe that the appropriate time horizon within which to assess these considerations should be viewed at the member level. This will be dependent on the member's age and when they expect to retire.

The Trustees recognise that members have different attitudes to risk, and that this risk and member needs will change over time. Accordingly, the investment offerings made available through the Plan should acknowledge this. In addition, the Trustees believe that members should make their own investment decisions based on their individual circumstances. The Trustees regard their duty as making available a range of suitable pooled investment vehicles sufficient to enable members, where they choose to, to tailor the investment strategy to their own needs.

The Trustees also recognise that members may not believe themselves qualified or confident to make investment decisions. As such the Trustees have made available a default option. The default option places the emphasis on aiming to deliver a good level of real return over members' working lifetimes (whilst mitigating risk through diversification) and also encompasses a switch into asset classes designed to reduce the volatility of members' account values, in the years approaching their selected target retirement age.

To achieve this, the Trustees have developed the following investment objectives:

- 2.1.1 To offer members a pre-defined lifestyle switching strategy as the default option and ensuring that the investment strategy allows members to plan for retirement;
- 2.1.2 To make some funds available which provide an opportunity for good long term rates of return;
- 2.1.3 To make other pre-defined lifestyle switching strategies available which seek to offer protection for members' accumulated assets against sudden (and sustained) reductions in capital values or in the amount of pension that can be purchased;
- 2.1.4 To consider the cost and complexity of the Plan's investment range in terms of administration and communication; and
- 2.1.5 To offer members the choice to tailor the investments to their own personal and financial circumstances.

2.2 The "Working Life Strategies" will, on an individual basis, build up a "pension pot fund" by investing contributions in growth equity assets, during the greater part of an individual's employment, but within 7 years of an individual's retirement, seek to protect the "fund", in varying degrees, by gradually switching out of equities – see paragraph 2.3

2.3 Three "Working Life Strategies" are offered with the following key features:-

- "Working Life : Draw Down Ready" : invests in the AB InBev Long-Term Growth Fund during the growth phase, and switches, on a monthly basis, to an income generating / diversified fund and cash during the 7 year de-risking period, so as to end up with 30% in cash, and 70% in the AB InBev Pre-Retirement fund, at retirement (the Default Investment Option)

(The AB InBev Long-Term Growth Fund is comprised of four separate Fidelity Funds. 80% of The AB InBev Long-Term Growth Fund is split between three predominantly equity-based funds which, when aggregated, have an asset allocation of circa 30% UK Equities, 70% Global Equities, with a currency allocation of circa 50% to sterling and circa 50% to other currencies. The remaining 20% is in the AB InBev Pre-Retirement fund which is comprised of a mix of defensive assets e.g. corporate bonds, Government bonds, alternatives etc)

- "Working Life : Annuity Ready" : invests in the AB InBev Long-Term Growth Fund during the growth phase, and switches, on a monthly basis, to a gilt fund and cash during the 7 year de-risking period, so as to end up with 25% in cash, and 75% in the gilt fund, at retirement
- "Working Life : Cash Ready" : invests in the AB InBev Long-Term Growth Fund during the growth phase, and switches to cash, on a monthly basis, during the 7 year de-risking period (the Default Investment Option prior to 12 January 2021 and still in place for those members who were within 7 years of their Selected Retirement Age as at that date)

2.4 Alongside the “Working Life Strategies” a range of funds that cover the main UK equity, UK bond markets, and world equity markets, where possible on an index tracking basis, are available for individuals who do not wish to join a “Working Life Strategy”, and wish to tailor their own investment strategy

2.5 In addition the AVC section of the DB Plan, which is closed to new contributions, offers the same fund range as those available under the DC section. The AVC working lifestyle strategy invests 100% in the AB InBev Long Term Growth Fund up to 5 years before the Selected Retirement Date and then switches on a monthly basis to 100% cash. The AVCs that were previously with Utmost (formerly Equitable Life) are in the working life cash ready strategy with the 7 year move to cash.

3

3.1 For members who do not wish to opt for the lifestyle arrangements detailed above, the funds, that form the lifestyle arrangements, are also available for members to invest in independently. There are also additional funds for members to choose to invest in. These funds are managed by either Fidelity or by ‘guest’ fund managers. The current range of funds available to members of the Plan is as follows:

Strategy	Fund	Annual Management Charge (%)	Transaction costs	Total Expenses
Lifestyle Strategy – Drawdown ready (Default since 12 January 2021)	AB InBev Long Term Growth Fund	0.39	0.01	0.40
	AB InBev Pre Retirement Fund	0.62	0.01	0.63
	Fidelity BlackRock Cash Fund	0.20	0.00	0.20
Lifestyle Strategy – Annuity / ready	AB InBev Long Term Growth Fund	0.39	0.01	0.40
	Fidelity Pensions Annuity	0.25	0.03	0.28
	Fidelity BlackRock Cash Fund	0.20	0.00	0.20
Lifestyle Strategy – Cash Ready	AB InBev Long Term Growth Fund	0.39	0.01	0.40
	Fidelity BlackRock Cash Fund	0.20	0.00	0.20
Legacy Lifestyle strategy (AVC only)	AB InBev Long Term Growth Fund	1.00	0.20	1.20
	Fidelity BlackRock Cash Fund	0.35	0.10	0.45
Self-select funds (Core fund range)	Fidelity BlackRock Emerging Markets Fund	0.50	0.00	0.50
	AB InBev Long Term Growth Fund	0.39	0.01	0.40
	Fidelity BlackRock Over 15Yr UK Gilt Index Fund	0.30	0.00	0.30
	Fidelity BlackRock Over 5Yr I-L-Gilt Fund	0.30	0.00	0.30
	Fidelity BlackRock UK Equity Index Fund	0.20	0.00	0.20
	Fidelity BlackRock Cash Fund	0.20	0.00	0.20
	Fidelity Pensions Annuity	0.25	0.03	0.28
	AB InBev South East Asia Pensions Fund	0.72	0.19	0.91
	AB InBev Diversified Fund	0.57	0.01	0.58
	Fidelity BlackRock European Equity Index Fund	0.35	0.00	0.35
	AB InBev LGIM North American Index	0.34	0.00	0.34
	Fidelity L&G Future World Fund	0.59	0.00	0.58
	AB InBev Pre Retirement Fund	0.62	0.01	0.63
	Fidelity UK Corporate Bond Fund	0.40	0.10	0.50

The Trustees believe that the investment strategy options are currently appropriate for meeting the Plan’s investment objectives set out in 2.1 and controlling the risks identified in 3.0 for the membership as a whole. Members can combine

the investment funds in any proportion in order to determine the balance between different kinds of investments. This will also determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerances. Each of the available funds is considered to be diversified across a reasonable number of underlying holdings / issuers.

4 Risk and Financial Market Risk Management

In deciding on the options to be made available to members, the Trustees have considered risk from a number of perspectives, as follows:-

Risk	Description	How is the risk monitored and managed?
Inflation Risk	The risk that the investment return over members' working lives will not keep pace with inflation and does not, therefore secure an adequate pension.	The Trustees make available a range of funds, across various asset classes, with the majority expected to keep pace with inflation.
Currency Risk	The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate.	The Trustees provided diversified investment options that invest in local as well as overseas markets and currencies. Members are able to set their own investment allocations, in line with their risk tolerances. Within active funds management of many of these market risks is delegated to the investment manager Regular performance monitoring of the investment funds.
Credit Risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	Within active funds management of many of these market risks is delegated to the investment manager. Regular performance monitoring of the investment funds.
Equity Property	The risk that investment market movements lead to a substantial reduction in the anticipated level of the benefit (particularly in the period immediately prior to retirement which would lead to a substantial reduction in expected retirement benefits).	The Trustees offer a range of diversified funds. The Trustees offer a lifestyle switching strategy which progressively switches members' funds from growth assets to bonds and cash, which are expected to be less volatile in the five years prior to retirement.
Inadequate Diversification	The risk that members' investments are not suitably diversified	The Trustees invest in pooled vehicles with the aim of ensuring that the asset allocation and manager structure policies in place result in an adequately diversified portfolio.
Environmental, Social and Corporate Governance Risk	The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on the return of the Plan's assets.	The management of ESG related risks is delegated to investment managers. See Section 5 of this Statement for the Trustees' responsible investment and corporate governance statement.
Investment Manager Risk	The risk that the investment manager underperforms its objectives, fails to carry out operational tasks, does not	The Trustees' regularly reviews performance of investment funds.

	ensure safe-keeping of assets or breaches agreed guidelines.	
Liquidity Risk	The risk that the Plan's assets cannot be realised at short notice in line with member demand.	The Plan is invested in daily dealt and daily priced pooled funds.
Pension Conversion Risk	The risks that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	The Trustee makes available three lifestyle strategies for DC members. Lifestyle strategies automatically switch member assets into investments whose value is expected to be less volatile relative to how the member wishes to access their pension savings as they approach retirement age.
Underperformance of Expectations Risk	The risk that the investment in which monies are invested underperforms the expectations of the Trustees and the members.	The Trustees regularly review the continuing suitability of the Plan's investment arrangements including the appointed adviser. The Trustees receive regular reports from the investment provider and annual monitoring reviews from their investment consultant. In addition, a number of funds are managed on an index tracking basis.

In addition to members being given an assessment of the risk attached to each fund through communication material provided by the investment provider, the Trustees also encourage members to take independent financial advice.

The risks identified in the above table are considered by the Trustees to be 'financially material considerations'. The Trustees believe the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and their selected retirement age. It is for this reason that a number of lifestyle options have been made available to members including the default option.

5 The Default Fund:

During 2020, the Trustees reviewed the investment options available to the Plan members, in terms of range of funds, charges, working life strategies and the default arrangement. A number of changes were made:

5a - The Default Fund pre 12 January 2021

5a1 Prior to 12 January 2021 the Trustees selected the "Working Life Strategy Cash Ready" as the default option, based on the following rationale:-

- during the savings accumulation phase invested funds should be invested to grow by equity market returns
- crucial attributes of pension savings are the employer's contribution, tax relief on contributions, and tax free growth
- A significant proportion of the members drawing their pension benefits would have some level of defined benefit provision (either within the Plan that was closed to future accrual on 31 May 2013 or elsewhere).
- at retirement, now that individuals do not have to purchase an annuity, their "pension pots" will be used for varying purposes e.g. paying off mortgages, taking holidays, or buying an annuity

5a2 Based on the above, and other arguments, the Trustee took the view that the dominant aim, of the Default Strategy, in the period 7 years before retirement, is to give a high degree of certainty, as to the cash “pension pot” that will be available at retirement

5a3 So as to achieve this, the Default Option, commencing 7 years before retirement, switched monies, from equities to cash, on a quarterly basis, so that at retirement an individual fund would be 100% invested in cash

5b – The Default Fund post 12 January 2021

5b1 As there are an increasing number of members where defined benefit provision is less significant and who are taking their benefits in the form of income drawdown, it was decided that with effect from 12 January 2021, that the default would switch to the Working Life Strategy Drawdown Ready strategy.

5b2 All new members will have the Working Life Strategy Drawdown Ready as their default option.

5b3 Any individual who was more than seven years from their Selected Retirement Date would have the Working Life Strategy Drawdown Ready as their default option.

5b4 Any individual who was less than seven years from their Selected Retirement Date (at 12 January 2021) would remain in the Working Life Strategy Cash Ready

5b5 All Working Life Strategies would move to monthly de-risking in the seven year period leading to their Selected Retirement Date.

5b6 The members retain the right to select any Working Life Strategy or self-select fund as they see fit.

5c – 2021 review of fund range and fees

5c1 The Trustees acknowledge that one of the key impacts on members’ retirement fund are the charges imposed by the fund managers

5c2 As part of the review, the Trustees reviewed the AMC / TER for all funds and were able to negotiate a reduction in fees on 7 of the 12 funds available.

5c3 Review of fees will take place at least once every three years or should the annual VFM report suggest more immediate action.

5c4 The Trustees acknowledge that with more members taking the drawdown option, it is appropriate to have a fund that generates income in retirement.

5c5 As such, the Trustees will make a Pre-Retirement fund available. This is currently the LGIM Retirement Income Multi-Asset Fund and was made available to members from January 2021

5c6 The Trustees acknowledge that more members are looking to invest in a more climate / environmentally friendly way.

5c7 As such, the Trustees introduced the LGIM Future World fund from January 2021

6 Management of the assets

6.1 All Defined Contribution and DC AVC assets are held in the relevant funds with Fidelity Life Insurance Limited

6.2 All day to day investment decisions are delegated to properly qualified and authorised pension fund managers. The Trustees expect the Investment Managers to manage the assets delegated to them under the terms of their contracts. The Investment Managers have full discretion to buy and sell investments on behalf of the Plan, subject to agreed constraints and applicable legislation. They have been selected for their expertise in different specialisations.

6.3 The ISC monitors the performance of each fund in both absolute terms, and relative terms, re the relevant benchmarks, and re each other, on a quarterly basis

6.4 Assets are realised according to the switching procedures of the relevant Working Life Strategies, or in accordance with member’s instructions. In general, Fidelity and/or the underlying investment manager have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments as well as responsibility for generating cash as and when required for benefit outgo.

- 6.5 As the assets are invested in pooled funds, custody arrangements are provided by Fidelity and the relevant investment managers. Further details are available on request. The role of the custodian is holding the assets for safekeeping and settling the transactions made by their investment managers.
- 6.6 The Trustee will always take proper written advice from an authorised investment consultant before selecting any fund on the Fidelity Platform, changing a Lifestyle Strategy, or moving away from Fidelity.

7 - Section 2 The SAB Section

On 24 September 2021, the members / assets of the SAB UK Staff Pension Scheme were transferred to a separately identifiable / ring-fenced section of the Plan.

Within the SAB section, the Trustees make available three different “lifestyle” strategies designed to be suitable for a member who wishes to take either cash, an annuity (secured income) or to move into income drawdown at retirement. Members can opt for these strategies so that funds are switched gradually and “de-risked” over the period leading to retirement, targeting their preferred benefit withdrawal at retirement.

Initially for all three strategies, members’ contributions will be invested in the Designated Global Growth Multi-Asset Fund and then, during the 5 years leading to retirement, a member’s investment mix will be gradually moved to funds the Trustees believe is best for each of the outcomes the member may wish to achieve at retirement.

For the Target Annuity Lifestyle strategy, in the 5 years leading to retirement the strategy will transition gradually from the Designated Global Growth Multi-Asset Fund to the Legal and General Investment Management (“LGIM”) Pre-Retirement Fund and the BlackRock DC Cash Fund. At retirement, a member will have 75% in the LGIM Pre-Retirement Fund and 25% in the BlackRock DC Cash Fund.

For the Target Cash Lifestyle strategy, at retirement, a member will have 100% in the BlackRock DC Cash Fund.

For the Target Drawdown Lifestyle strategy, at retirement, a member will have 50% in the Designated Global Growth Multi-Asset Fund, 30% in the BlackRock DC Cash Fund and 20% in the Standard Life Corporate Bond Fund.

The aim of these strategies is to lock-in the potential long-term gains from the growth fund (Designated Global Growth Multi-Asset Fund), but as retirement approaches the aim is to reduce the likelihood of market fluctuations impacting adversely on benefits and to have the correct investment mix for the member’s preferred retirement benefit option.

The Trustees believe that the Designated Global Growth Multi-Asset Fund in each of the lifestyle strategies is an appropriate investment vehicle for the majority of a member’s working life. The fund is primarily aimed at long-term investors where the onus is on delivering long term growth (broadly in line with equities) but without the level of volatility typically associated with equities. In addition, the Trustees are comfortable that this fund offers sufficient diversification to address some of the risks in Section 2.3 above.

For the Target Annuity Lifestyle strategy the progressive switch of growth assets into the LGIM Pre-Retirement Fund and BlackRock DC Cash Fund before retirement is to ensure the members’ assets are invested in such a way at the point of their target retirement date as to provide protection against changes to the cost of purchasing a fixed annuity and also to facilitate the option for members to take tax-free cash at retirement. For the Target Cash Lifestyle strategy the progressive switch of growth assets switches into the BlackRock DC Cash Fund to ensure that members’ assets are invested in such a way at the point of their target retirement date as to enable the member to take their entire fund as cash. These all address some of the risks mentioned in 2.3 above.

7.1 Default Option

The Target Drawdown Lifestyle has been selected by the Trustees as the default option for any Scheme members who have not actively selected a fund choice or feel unable to make an investment decision. The default option is also referred to as the “do it for me” option in member literature and communication. The default option initially aims to maximise returns, at an appropriate level of risk, for the majority of the members’ working lives before switching as retirement approaches into diversified funds, to target income drawdown.

For the default option, the progressive switch of the growth fund (Designated Global Growth Multi-Asset Fund) into a mixture of the growth fund, BlackRock DC Cash Fund and the Standard Life Corporate Bond Fund ensures that members’ assets are invested in such a way at the point of their target retirement date as to enable members to maintain a broadly suitable mix of assets to access long-term drawdown. It also facilitates the option for members to take tax-free cash at retirement. The growth fund invests in growth-seeking assets

that aim to provide growth with some downside protection and some protection against inflation erosion. As a member's DC pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that a default option that seeks to reduce investment risk as the member approaches retirement is appropriate.

An investment option that targets income drawdown (variable income) following retirement is likely to meet a typical member's requirements for income in retirement. This is based on the Trustees' understanding of the Scheme's membership profile. This does not mean that members have to take their benefits in this format at retirement –it merely determines the default investment option that will be in place pre-retirement. Members who intend to take their retirement benefits through other formats have the option of switching to an alternative lifestyle strategy prior to retirement or choosing their own investment strategy.

7.2 Alternative Investments

For members who do not wish to opt for the lifestyle arrangements detailed above, the underlying funds, that form the lifestyle arrangements, are also available for members to invest in independently. There are also additional funds for members to choose to invest in. These funds are managed by either BlackRock or by 'guest' fund managers. Further details of the current range of funds available to members of the Scheme can be found in Appendix B.

To simplify the range of funds offered to members, the Trustees have set out a "Core" fund range which includes fund types from each of the main categories of asset type e.g. multi-asset growth/diversified growth, equities, bonds and cash. The "core" range of funds is also referred to as the "help me do it" fund range in member literature and communication. The rationale being that, whilst still allowing members access to the full fund range (also referred to as the "leave me to it" range), less financially sophisticated members are able to pick from the core/help me do it fund range without being overwhelmed by the entire fund offering. In addition, the Scheme's fund range is structured to take account of the potential for risk and return, with the spectrum running from "very high" to "very low".

The Trustees believe that the investment strategy options are currently appropriate for meeting the Scheme's investment objectives set out in 2.2 and controlling the risks identified in 2.3 for the membership as a whole.

Members can combine the investment funds in any proportion in order to determine the balance between different kinds of investments. This will also determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerances. Each of the available funds is considered to be diversified across a reasonable number of underlying holdings / issuers

DAY-TO-DAY MANAGEMENT OF THE ASSETS

7.3 Main Assets

The Trustees have appointed Aegon (“Aegon”), who are authorised and regulated by the Financial Conduct Authority (“FCA”) to manage members’ assets either in their own funds, the funds offered by BlackRock Investment Management (UK) Limited (“BlackRock”) or ‘guest’ funds available on their platform.

The Trustees expect the Investment Managers to manage the assets delegated to them under the terms of their contracts. The Investment Managers have full discretion to buy and sell investments on behalf of the Scheme, subject to agreed constraints and applicable legislation. They have been selected for their expertise in different specialisations.

The following are the general guidelines of the “core” or “help me do it” fund range that is available to members. This category of funds will be reviewed periodically by the Trustees.

BlackRock DC 50/50 Global Growth Fund invests in UK equities (around 50%) and overseas equities (around 50%). The overseas equities are split between geographical regions with a fixed weight benchmark. The fund aims to produce a return in excess of its composite benchmark.

BlackRock Aquila 30/70 (currency hedged) Global Equity Index Fund invests mainly in overseas equities (around 70%) and UK equities (around 30%) and aims to track the return of its composite benchmark. Within overseas equities there is an allocation to emerging markets (10%). Developed overseas equities have their currency exposure hedged back to Sterling.

Designated Global Growth Multi-Asset Fund aims to provide reasonable growth over the long term while experiencing short term returns which are less volatile than equity market returns on their own. The fund invests in a range of asset classes within the underlying funds. These are the BlackRock Aquila 30/70 (currency hedged) Global Equity Index Fund (30%), BlackRock DC Aquila Life Market Advantage Fund (40%) and the LGIM Diversified Fund (30%). See below for further information.

BlackRock DC Aquila Life Market Advantage invests in a diversified mix of asset classes based on target exposures to fundamental economic risk factors. By managing exposures during market extremes, the fund seeks to deliver returns in line with target while reducing downside risk.

LGIM Diversified Fund’s investment objective is to provide long-term investment growth through exposure to a diversified range of asset classes.

LGIM Pre-Retirement Fund invests in UK government and corporate bonds. The mix of assets is adjusted over time to reflect the investments underlying a typical non-inflation linked pension product. The fund aims to track the return of its benchmark.

Standard Life Corporate Bond Fund aims to provide long-term growth by investing predominantly in sterling-denominated corporate bonds. The fund may also invest a proportion of assets in other fixed interest securities such as overseas bonds, gilts and money market instruments.

BlackRock DC Cash Fund invests in short term sterling instruments and aims to produce a return in excess of the 7 day LIBID rate.

The additional funds managed either directly by BlackRock or by the external ‘guest’ managers that make up the current “leave me to it” fund range are detailed in Appendix B.

7.4 Investment Performance Benchmark

The performance of the funds managed by Aegon, BlackRock and by ‘guest’ fund managers are measured in comparison to the benchmarks listed on the next page. Aegon will report on the performance of all Funds relative to the respective benchmark.

7.5 Custodianship

2 As the assets are invested in pooled funds, custody arrangements are provided by BlackRock and the relevant investment managers through the appointment of independent custodians. Further details are available on

request. The principal role of the custodian is holding the assets for safekeeping and settling the transactions made by their investment managers.

7.6 Additional Assets

Members may invest additional voluntary contributions (“AVC’s”) within any of the funds available on the Aegon platform to members of the Scheme.

7.7 Realisation of the Assets

In general, Aegon and/or the underlying investment manager have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments as well as responsibility for generating cash as and when required for benefit outgo. All funds are daily-dealt pooled investment arrangements, with assets mainly invested in regulated markets, and therefore should be realisable at short notice, based on member demand, however, the Trustee accepts that property in particular can be subject to periods of illiquidity during extreme market conditions.

7.8 Monitoring the Investment Manager

The Trustees arrange to meet the investment manager at least once a year to review their actions together with the reasons for, and background behind, their investment performance or, if necessary, the external, ‘guest’, managers on their platform. The Trustees’ investment adviser is also available to provide help in monitoring the Investment Managers in the form of written reports.

7.9 Investment Management Fees

Each fund operates to an agreed fee scale based on the assets under management within that Fund. The investment management fees for the funds managed by Aegon, BlackRock and the ‘guest’ fund managers currently available are listed on the next page.

Fund	Benchmark Index	Fees (% p.a.)
“Core” or “help me do it” range		
Mixed Asset Funds		
Designated Global Growth Multi-Asset*	Fixed Weight Composite	0.46
LGIM Diversified	Developed Global Equities (50% hedged) [50% FTSE All World Developed Index, 50% FTSE All World Developed Index (hedged to GBP)]	0.47
BlackRock DC Aquila Life Market Advantage	3 month £Libor +3.5% p.a.	0.47
Equity Funds		
Aquila 30/70 (Curr. Hedged) Global Equity Index	Fixed Weight Composite	0.24
DC 50/50 Global Growth	50% FTSE All Share / 50% Fixed Overseas	0.45
Bond Funds		
LGIM Pre-Retirement	Composite	0.35
Standard Life Corporate Bond*	Iboxx Sterling Non-Gilts Index	0.45
Cash Funds		
DC Cash*	7 Day LIBID	0.15
Additional funds completing “leave me to it” range		
Mixed Asset Funds		
Standard Life Global Absolute Return Strategy	6 Month Sterling LIBOR (Target is benchmark +5% p.a.)	0.90
Black Rock DC Diversified Growth	MPC Base Rate (Target is benchmark +3.5% p.a.)	0.55
Equity Funds		
DC UK Growth	FTSE All Share	0.45
DC Aquila World (ex UK) Equity Index	FTSE World ex UK	0.22
DC UK Equity Index Tracker	FTSE All Share	0.22
HSBC Amanah Pension	Dow Jones Islamic Market Titans	0.50
DC UK Special Situations	IMA UK ALL Companies Sector Average	0.45
Kames Ethical	FTSE All Share	0.90
DC Alpha Smaller Co's	Numis Smaller Companies plus AIM ex- Investment Trusts Index	0.45
DC Aquila US Equity Index	FTSE W US (£)	0.22
DC Aquila European Equity Index	FTSE W Europe ex UK (£)	0.22
DC Aquila Japanese Equity Index	FTSE W Japan (£)	0.22
DC Aquila Pacific Rim Equity Index	FTSE W Asia Pacific ex Japan (£)	0.22
DC Institutional Emerging Markets	MSCI Emerging Markets Free (GRS Inc)	0.45
DC Aquila Emerging Markets Equity Index	FTSE All World All Emerging Markets	0.35
DC Gold & General	FTSE Gold Mines (Cap Only) (£)	0.45
Bond Funds		
DC Aquila Over 15 Year Corporate Bond Index	iBoxx £ Non-Gilts Over 15 Years	0.22
DC Long Gilt	FTSE A Over 15 year Gilt	0.20
DC Index-Linked Gilt	FTSE A Over 5 Year Index-Linked Gilt	0.20
Property Funds		
DC Property	IPD All Balanced Funds Index	0.93

These funds are used as part of the default 'lifestyle' (“do it for me”) strategy available to members

Source: Aegon

General

8 – The Trustees’ policies in relation to any selected default option

- Risk in the default option is not considered in isolation, but in conjunction with expected investment returns and outcomes for members.
- Assets in the default option are invested in the best interests of members and beneficiaries, taking into account the profile of members. In particular, the Trustees considered high level profiling analysis of the Plan’s membership in order to inform decisions regarding the default option.
- There should be some downside protection included in the growth phase of any working lifestyle strategy and the drawdown strategy should have an income-generating fund as its predominant fund at retirement
- Members are supported by clear communications regarding the aims of the default option and the access to alternative investment approaches. If members wish to, they can opt to choose their own investment strategy on joining but also at any other future date. Moreover, members do not have to take their retirement benefits in line with those targeted by the default option; the target benefits are merely used to determine the investment strategy held pre-retirement.
- Assets in the default option are invested in a long-term insurance contract. The assets underlying the insurance contract are invested in daily traded pooled funds which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by various underlying fund managers. The selection, retention and realisation of assets within the pooled funds are delegated to the respective underlying fund managers in line with the mandates of the funds. Likewise, the underlying fund managers have full discretion (within the constraints of their mandates) on the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments. The Trustees’ full policies on social, environmental or ethical considerations are detailed in Section 6 of the SIP.
- In designing the default option, the Trustees have explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The Trustees took advice from their Investment Consultant when deciding on this asset allocation. The asset allocation is considered consistent with the expected amount of risk that is appropriate given the age of a member and when they expect to retire.
- The Trustees have considered risk from a number of perspectives in relation to the default option. The list below is not exhaustive but covers main risks.
- The Trustees have considered risk, in relation to the default option using the framework in 3 above, and, although it is unlikely that this is exhaustive, the Trustees believe this covers the main risks.

9 Socially responsible investments

9.1 The Trustees believe that environmental (including climate change), social, corporate governance and ethical issues can affect the performance of investment portfolios and should therefore be considered as part of the Fund’s investment process.

9.2 In practice, any detailed policy would be difficult to implement, and manage, so the Trustees rely upon Fidelity in these areas, and the reporting provided by Fidelity.

9.3 The Trustees do not actively canvass members to ascertain their investment views; however, if a member expressed an investment preference the Trustee would consider the implications, if any.

9.4 The Trustees’ fund range includes a “Living World” fund from LGIM in their fund range for those individuals who wish to invest in a fund with specific environmental (including climate change), social, corporate governance and ethical credentials

10 Corporate Governance

10.1 The Trustee wishes to encourage best practice in terms of Stewardship

10.2 As the Plan’s assets are managed in pooled arrangements, the Trustee accepts the assets are subject to the Fund Provider’s own policies on corporate governance. The Trustee’s policy is that day-to-day decisions relating to the selection, retention and realisation of the Plan’s investments are left to the discretion of the investment managers. This includes consideration of all financially material factors, including ESG-related

issues where relevant. The Trustee explores these issues with its advisers to understand how the investment managers exercise these duties in practice.

When considering the appointment of new managers, and reviewing existing managers, the Trustee, together with its investment consultant, looks to take account of the approach taken by managers with respect to sustainable investing including voting policies and engagement where relevant.

The Trustee's policy is to delegate responsibility for the exercising of ownership rights (including voting rights) attaching to investments to the investment managers. However we may, where possible, instruct our passive manager to vote as the Trustee may wish on any particular issue

10.3 The Trustee is satisfied that the policy above corresponds with their responsibilities to the beneficiaries. The Trustee recognises the UK Stewardship Code as best practice and encourages its investment managers to comply with the UK Stewardship Code or explain where they do not adhere to this policy

11. Investment Manager Appointment, Engagement and Monitoring

11.1 The Trustee appoints investment managers based on their capabilities and their perceived likelihood of achieving the expected return and risk characteristics required for the asset class for which they were selected. Value for money is also a key consideration and, as part of the annual Value for Members ("VFM") assessment, the Trustee reviews investment manager fees and turnover costs.

11.2 The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over 3 months, 1 year and 5 years. The manager also provides reports, which cover performance, governance and transaction information. The Trustee reviews the absolute performance and relative performance against a suitable index used as the benchmark. The Trustee's focus is primarily on long-term performance but short-term performance is also reviewed.

11.3 If a manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives and may ask the manager to review their fees instead of terminating the mandate.

11.4 Where appointments are for actively-managed mandates, the managers are incentivised through performance targets. An appointment will be reviewed following periods of sustained underperformance. The Trustee will regularly review the appropriateness of using actively managed funds (on an asset class basis)

11.5 As the Trustee invests in pooled investment funds, it accepts that it cannot specify the risk profile and return targets for these funds. However, appropriate funds are selected to align with the overall investment strategy.

11.6 The manager provides portfolio turnover and turnover costs in their reports where applicable. The Trustee does not explicitly monitor portfolio turnover costs across the whole portfolio but on an individual mandate basis. This will form part of the Investment Consultant's manager research assessment.

11.7 The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement. The fund range and default strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.

12 Compliance with the DC SIP

The Trustee will monitor this DC SIP at least annually at the ISC, and, in any event, at least once every three years at the Trustee Board. The Trustee will obtain written confirmation from the investment manager that they exercised their powers of investment with a view to giving effect to the principles contained in the Statement so far as is reasonably practicable. The Trustee undertakes to advise the investment manager promptly and in writing of any material change to this Statement.

This SIP will be held on OnePlace so that all Trustees can immediately locate it. It will also form part of the DC governance statement that is held online for member access

13 Review of this statement

The Trustee will review this Statement in response to any material changes to any aspects of the Plan which they judge to have a bearing on the stated Investment Policy.

This review will occur no less frequently than every three years. Any such review will again be based on written, expert investment advice and will be in consultation with the Company.

Signed on 10 June 2022

Approved: Date:..
Trustee

Signed on 10 June 2022

Approved: Date:.....
Trustee

On behalf of the Trustees of the AB InBev UK Ltd Pension Plan March 2022

INVESTMENT SUB-COMMITTEE (the ISC): Terms of Reference

Objectives

- To operate in accordance with the Terms of Reference;
- To monitor all the investments and areas of concern;
- To monitor performance against benchmarks.

Aims

DB section

- De-risk when possible;
- Achieve the asset allocation target;
- Manage cash and investment of contributions;

DC section

- Review, understand and agree the benchmarks for all funds;
- Monitor / understand performance of all funds (especially the funds added in 2021 and those funds under the SAB section);

TERMS OF REFERENCE

- 1 The Investment sub-committee will comprise two or more trustee directors, the UK Pensions Manager and a representative of the Company
- 2 The sub-committee will normally make recommendations to the Trustee Board, and seek Trustee Board approval prior to any investment decision being made; however, in exceptional circumstances, the ISC may take decisions in accordance with paragraphs 10, and 11, below
- 3 The meeting will be quorate with two members, one of whom must be the AB InBev representative
- 4 If the AB InBev representative is not present at any meeting but, provided that the UK Pensions Manager is present, the ISC can meet for the purpose of sharing information and formulating proposals. If at any such meeting, a proposal is formulated, then the Chair of the ISC will explain this proposal to the Company and will obtain the Company's agreement before presenting the proposal to the full trustee board
- 5 The Investment sub-committee will meet regularly, usually once every three months, and at other times as deemed appropriate
- 6 The Investment sub-committee agenda will be published for the whole Trustee Board prior to any Investment sub-committee meeting
- 7 The minutes of the Investment sub-committee will be attached as an item to the papers for the quarterly Trustee meetings. If requested to do so by the Trustee Board, a member of the Investment sub-committee will give a presentation on its activities at the Trustee meeting
- 8 The Investment sub-committee will produce an annual investment report for inclusion in the Trustee's Annual Report and Accounts and a further report for inclusion in the summary report

At its regular meetings the Investment sub-committee will:

- 8.1 Put together advice to the Trustee Board on all matters relating to the investment of the assets of the AB InBev UK Ltd Pension Plan (the "Plan") and ensure the trustee board has the knowledge and understanding to take the decisions requested;
 - 8.2 Review the performance of the investment managers to the Plan against predetermined targets (to be recommended by the Investment sub-committee and approved by the Trustee Board);
 - 8.3 Review the suitability of the investment managers at least every three years, and to make recommendations on the appointment and removal of suitable managers and advisers;
 - 8.4 Ensure that the investment managers appointed by the Trustee Board are informed of, and follow, the agreed strategies of the Plan;
 - 8.5 Maintain the Plan's Statement of Investment Principles, and ensure that the investment managers comply with it;
 - 8.6 Seek assurance that the Investment managers and the custodians of the Plan's assets are operating in the ways described when selected by the Trustee Board, and that it have proper and adequate systems in place for the recording and safekeeping of these assets and the income there from;
 - 8.7 Undertake such other Investment related responsibilities as may be agreed from time-to-time with the Trustee Board.
 - 8.8 Consider other investment matters of relevance, and report to the Trustee Board as appropriate.
- 9 The Investment sub-committee will tackle ad-hoc financial matters as determined with the Trustee board.
- 10 The Investment sub-committee will, on behalf of the Trustee Board, take any investment-related decisions the sub-committee regard as necessary to be implemented prior to the next full Trustee Board meeting.
- 11 The Chairman of the ISC will execute any tactical decisions requested by AB InBev Treasury in line with the authorities in the appendix to the Guarantee Agreement.

In terms of decisions made under clauses 10, and 11, the Chairman of the ISC will notify all Trustees of any decision and its rationale within 3 working days of such decision.

All decisions, and their rationale, will be explained by the Company at both the following ISC and Trustee meetings.