

**AB InBev UK Pension Plan: Defined Contribution, SAB Section and AVC Section  
Statement of Investment Principles (the DC SIP): September 2024**

**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.

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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:

<b>Strategy</b>	<b>Fund</b>	<b>Annual Management Charge (%)</b>	<b>Transaction costs</b>	<b>Total Expenses</b>
<b>Lifestyle Strategy – Drawdown ready (Default since 12 January 2021)</b>	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
<b>Lifestyle Strategy – Annuity / ready</b>	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
<b>Lifestyle Strategy – Cash Ready</b>	AB InBev Long Term Growth Fund	0.39	0.01	0.40
	Fidelity BlackRock Cash Fund	0.20	0.00	0.20
<b>Legacy Lifestyle strategy (AVC only)</b>	AB InBev Long Term Growth Fund	1.00	0.20	1.20
	Fidelity BlackRock Cash Fund	0.35	0.10	0.45
<b>Self-select funds (Core fund range)</b>	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?
<b>Inflation Risk</b>	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.
<b>Currency Risk</b>	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.
<b>Credit Risk</b>	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.

<b>Equity Property</b>	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.
<b>Inadequate Diversification</b>	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.
<b>Environmental, Social and Corporate Governance Risk</b>	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.
<b>Investment Manager Risk</b>	The risk that the investment manager underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	The Trustees' regularly reviews performance of investment funds.
<b>Liquidity Risk</b>	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.
<b>Pension Conversion Risk</b>	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.
<b>Underperformance of Expectations Risk</b>	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 7-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 Trustee acknowledges 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 Trustee 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 Trustee acknowledges that with more members taking the drawdown option, it is appropriate to have a fund that generates income in retirement.

5c5 As such, the Trustee 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 Trustee 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**

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.

<b>Fund</b>	<b>Benchmark Index</b>	<b>Fees (% p.a.)</b>
<b><u>“Core” or “help me do it” range</u></b>		
<b>Mixed Asset Funds</b>		
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
<b>Equity Funds</b>		
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
<b>Bond Funds</b>		
LGIM Pre-Retirement	Composite	0.35
Standard Life Corporate Bond*	Iboxx Sterling Non-Gilts Index	0.45
<b>Cash Funds</b>		
DC Cash*	7 Day LIBID	0.15
<b><u>Additional funds completing “leave me to it” range</u></b>		
<b>Mixed Asset Funds</b>		
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
<b>Equity Funds</b>		
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
<b>Bond Funds</b>		
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
<b>Property Funds</b>		
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.

#### 8a Policy in relation to illiquid assets in the default arrangements

The Trustees consider illiquid assets as assets of a type which cannot easily or quickly be sold or exchanged for cash; including where such assets are invested as a component of a daily-dealing multi-asset fund. The Plan’s default arrangements include no direct allocation to illiquid investments or to illiquid investments via a collective investment scheme.

The default arrangements have indirect exposure to illiquid assets through their investment in the following multi-asset funds:

- The LGIM Retirement Income Multi-Asset Fund, which is an underlying fund of the AB InBev Long Term Growth Fund and the AB InBev Pre-Retirement Fund in the ABI Defined Contribution Section.
- The LGIM Diversified Fund, which is an underlying fund of the Designated Global Growth Multi-Asset Fund in the SAB Section.

For completeness, the BlackRock Market Advantage Fund, which is an underlying fund of the Designated Global Growth Multi-Asset Fund in the SAB Section, does not invest in any illiquid assets as at 31 March 2024.

The allocation to illiquid assets in each fund set out above is noted below:

- LGIM Retirement Income Multi-Asset Fund: 4.0% in illiquid assets as at 31 March 2024, comprising 0.7% in UK Property and 3.3% in Illiquid Debt.
- LGIM Diversified Fund: 6.8% in illiquid assets as at 31 March 2024, comprising 4.7% in UK Property and 2.1% in Private Market Credit.

How members gain exposure to each of these funds in each default arrangement is set out below:

- Working Life Strategy Drawdown Ready (ABI Defined Contribution Section) – members gain exposure to the LGIM Retirement Income Multi-Asset fund in the growth phase of the strategy as the fund forms part of the AB InBev Long Term Growth Fund (with a 20% allocation). Members are wholly invested in the AB InBev Long Term Growth Fund until 7 years before retirement, when they begin to move into the AB InBev Pre-Retirement Fund, which invests 100% in the LGIM Retirement Income Multi-Asset fund. At a member's selected retirement age 70% of their DC savings are in this fund.
- Working Life Strategy Cash Ready (ABI Defined Contribution Section) – members gain exposure to the LGIM Retirement Income Multi-Asset fund in the growth phase of the strategy as the fund forms part of the AB InBev Long Term Growth Fund (with a 20% allocation). Members are wholly invested in the AB InBev Long Term Growth Fund until 7 years before retirement, when they begin to move into the BlackRock Cash Fund. Members are fully divested from the LGIM Retirement Income Multi-Asset fund by the time they reach their selected retirement age.
- Target Drawdown Lifestyle (SAB Section) – members gain exposure to the LGIM Diversified Fund in the growth phase of the strategy as the fund forms part of the Designated Global Growth Multi-Asset Fund (the allocation to this fund is 30%). Members are wholly invested in the Designated Global Growth Multi-Asset Fund until 5 years before retirement, when they begin to move into asset classes which broadly match an income drawdown retirement income decision. At a member's selected retirement age they have a 50% exposure to the Designated Global Growth Multi-Asset Fund (i.e. 15% exposure to the LGIM Diversified Fund)

The Trustees are comfortable indirectly investing in a small proportion of illiquid assets through diversified multi-asset funds, to access the potential for higher returns and diversification benefits on behalf of members, relative to more traditional asset classes (such as bonds or equities). While these benefits are recognised by the Trustees, they are also aware of the risks of investment in illiquid assets to members. Given the potential for valuations of illiquid assets to not reflect their accurate market value at a given time as well as challenges regarding liquidity management and platform compatibility; the Trustees consider direct investment into an illiquid asset fund, such as a Long Term Asset Fund ("LTAF"), as not currently suitable for members of the Plan, although this is kept under review.

In selecting investments for the default arrangements, the Trustees use both qualitative and quantitative analysis to consider the expected impact of different strategic allocation mixes. For any future investment, the Trustees will carefully consider whether the investment provides value for members, taking account of the return potential and associated risks. It is the Trustees' policy to review the allocation of the default investment strategies on at least a triennial basis. Such reviews will include whether the incorporation of illiquid asset investments is appropriate.

## **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 Trustee 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.

9.5 The Trustee has prepared a report to satisfy the regulations regarding to the Taskforce for Climate-Related Financial Disclosures (TCFD). This is available at <https://abinbevukpensionplans.com/tcfd>

## **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, the Trustee may, where possible, instruct the 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.

Approved: ..... Date:..  
Trustee

Approved: ..... Date:.....  
Trustee

**On behalf of the Trustees of the AB InBev UK Ltd Pension Plan September 2024**

*This document was signed 24 September 2024. This unsigned version is for display purposes only.*



### **Objectives**

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

### **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. Input will be sought from other areas such as the Company or third party advisers / administrators as deemed necessary. The Committee may take advice from external advisers as and when required. Guests may attend Committee meetings by invitation but they will not be included in the number necessary for a quorum and may not exercise voting rights. Any Trustee Director is entitled to attend a meeting of the Committee without invitation but will not be included in the number necessary for a quorum and may not exercise voting rights. The Trustee Board may change the composition of the Committee or amend the appropriate Terms of Reference at any time.
2. The Sub-Committee will make recommendations to the Trustee Board, or, as the Sub-Committee consider necessary, take relevant decisions for ratification at a subsequent board meeting.
3. The Sub-Committee will meet regularly as deemed appropriate.
4. Any meeting will be quorate with two members, one of whom must be the AB InBev representative.
5. Any agenda will be published for the whole Trustee Board prior to any Sub-Committee meeting. The agenda and papers for any meeting must be issued at least 5 working days before the meeting.
6. The minutes of any Sub-Committee meeting 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 Sub-Committee will give a presentation on its activities at the Trustee meeting. Minutes / action points must be prepared for any quarterly meeting / interim catch-up within 10 working days of the meeting.
7. Members of the Sub-Committee can communicate by e-mail and telephone in order to make decisions. Decisions can be made by a majority (i.e. by the agreement of two of the Sub-Committee members, one of whom must be the AB InBev UK Pensions Manager).
8. Each sub-committee will work within the boundaries as established through regulatory / legislative and compliance guidelines.

9. Each Sub-committee will be responsible for ensuring that all parties with whom they engage has appropriate disaster recovery / Business Continuity Programs in place which are regularly tested.
10. The Sub-Committee shall undertake an annual review of its objectives and terms of reference and will report back to every trustee meeting its progress against its annual objectives.
11. The Sub-Committee's delegated responsibilities include monitoring, making formal recommendations and some decision making as defined in this document. The Sub Committee is required to reference any business to the Trustee Board if a) In the Chair's opinion a consensus cannot be reached in relation to any significant matter (e.g. member communication or IDRs) or a decision impacts on an area outside the remit of the Sub Committee. b) Concerns are expressed over the performance of an external adviser. c) Any changes are proposed to the Sub Committee's Terms of Reference.
12. The Sub-Committee will review all appropriate entries in the risk register at least triennially and additionally will review individual risks in line with the risk register's agreed "Next Review Date" on a bi-annual basis.
13. 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.
14. 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.
15. At its regular meetings the Investment sub-committee will:
  - a. 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;
  - b. 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);
  - c. 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;

- d. Ensure that the investment managers appointed by the Trustee Board are informed of, and follow, the agreed strategies of the Plan;
  - e. Maintain the Plan's Statement of Investment Principles, and ensure that the investment managers comply with it;
  - f. 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;
  - g. Undertake such other Investment related responsibilities as may be agreed from time-to-time with the Trustee Board.
  - h. Consider other investment matters of relevance, and report to the Trustee Board as appropriate.
16. The Investment sub-committee will tackle ad-hoc financial matters as determined with the Trustee board.
17. 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.
18. 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.