Avery Dennison Pension Plan

Statement of Investment Principles – Defined Contribution Section

1. Introduction

Avery Dennison Pension Trustee Limited (the “Trustee”) has drawn up this Statement of Investment Principles (the “Statement”) to comply with the requirements of the Pension Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 (the “Regulations”) as amended. This Statement sets out the principles governing decisions about the investment of the assets of the Avery Dennison Pension Plan (the “Plan”).

In preparing the Statement the Trustee has consulted with the sponsoring employer to ascertain whether there are any material issues which the Trustee should be aware of in agreeing the Plan’s investment arrangements. The Trustee has also received and considered written advice from Mercer Limited (the “Investment Consultant”).

The Plan comprises two sections: one providing defined benefits (“DB”) and the other providing a defined contribution (“DC”). There is no cross-subsidy between the different sections. This Statement is in relation to the DC Section of the Plan.

2. Investment Objectives

The following encapsulates the Trustee’s objectives for the DC Section of the Plan:

- To make available a range of investment vehicles which serves to meet the varying investment needs and risk tolerances of Plan members.
- To have the assets managed by investment managers believed to be of high quality, i.e. where there is a suitable level of confidence that the manager(s) will achieve their performance objectives.
- To provide a means by which active/passive management can be offered to members
- To achieve competitive investment management and Investment Consultant fees.
- To provide a framework that allows the most efficient fund switching possible in order to reduce members’ out-of-market risk.

The Trustee:

- recognises that members have differing investment needs and that these may change during the course of members’ lives, before, at and through retirement.
- recognises that members have different attitudes to risk.
- believes that members should make their own investment decisions based on their individual circumstances.
- regards its duty to make available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs.
- recognises that members may not see themselves as qualified to make investment decisions, and as such makes available a default investment option for those members who do not make an active choice. The default investment option has been chosen in the best interest of members and beneficiaries, taking into account the profile of Plan members. More details regarding the default option are available in Appendix A of this Statement.

3. Investment Policies

The Trustee has appointed Mercer Workplace Savings ("MWS") for the provision of services related to corporate investment platform where the Plan's assets are invested. The Trustee has delegated the ongoing governance and monitoring of Aviva Life & Pensions UK Limited ("Aviva"), as the provider of the corporate investment platform, to MWS which aims to ensure Aviva remains market leading and to ensure it provides access to a range of investment strategies. The investment strategies the Plan access on the corporate investment platforms include funds ("Mercer funds") whose management has been delegated by the Trustee to Mercer Limited (the "Delegated Investment Manager") and funds ("externally managed funds") that are highly rated by Mercer Limited. The Trustee is responsible for the management of these externally managed funds. Further information on the Mercer and externally managed funds can be found in Appendix B.

The Trustee undertakes to review the DC Section's externally managed funds offered to members and the Delegated Investment Manager arrangements on a regular basis. In considering appropriate investments for the Plan, the Trustee has obtained and considered the written advice of a suitability qualified investment advisor. The advice received and arrangements implemented are, in the Trustee's opinion consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

The Trustee makes available a range of funds and lifestyle strategy options for the DC Section of the Plan which they believe provide appropriate strategic choices for members' different saving objectives, risk profiles and time horizons. Members themselves determine the fund(s) in which they choose to invest.

Members who do not indicate a preference are invested in the default option which is a lifestyle strategy designed for members intending to access their benefits at retirement via income drawdown. Members' assets are de-risked as they approach retirement via the use of target date funds. More information on the default option can be found in Appendix A of this Statement.

In addition, two alternative lifestyle strategies are available to members that reflect the alternative ways in which members might take their benefits at retirement (Annuity or Cash). Assets will be switched into investments which seek to more closely match how the member wishes to access their pension savings as they approach retirement.

In addition to the above mentioned lifestyle strategies the DC Section comprises of a core and a non-core fund range. Active management options are offered to members within both fund ranges.

The core fund range is a range of four risk-profiled funds, offering slightly less flexibility to members in the selection of investments. These funds target different levels of risk and return and aim to provide members with a diversified multi-asset investment suitable to their risk tolerance. The Delegated Investment Manager is responsible for making decisions on asset allocations, selection, appointment, removal and monitoring of underlying external investment managers within these risk profiled funds. The underlying asset allocation of the risk-profiled funds depends on the risk and return objectives of the fund. These funds, in order of risk and return (low to high) are:

- Aviva Pension Mercer Defensive
- Aviva Pension Mercer Moderate Growth
- Aviva Pension Mercer Growth
- Aviva Pension Mercer High Growth

The non-core fund range allows members full flexibility in the selection of investments and is comprised of developed market equities, emerging market equities, sustainable global equities, real estate, money market investments, corporate bonds, multi-asset funds, and pre-retirement funds. The Delegated Investment Manager and the Trustee, for the respective funds under their purview (see Appendix B), are responsible for the selection, appointment, removal and monitoring of underlying investment managers.

Members determine the balance between the different kinds of investments they hold. This balance will determine the expected return on member's assets and should be related to the member's own risk appetite and tolerances.

The Trustee requires that 90% of all investments should be realisable at short notice. All funds are daily-dealt pooled investment arrangements, which are themselves regulated and underlying investments are all mainly in regulated markets, and therefore are believed to be readily redeemable based on member demand. Where pooled investment arrangements do not invest assets in regulated markets these are not expected to account for a material proportion of assets. The selection, retention and realisation of investments within these pooled funds is the responsibility of the chosen investment managers.

Member views are not explicitly taken into account in the selection, retention and realisation of investments.

4. Arrangements with Asset Managers

4.1 The Trustee accesses the Investment Manager's products (or funds) through the MWS providers' insurance platforms. The Delegated Investment Manager appoints underlying investment managers and the Trustee selects funds from external investment managers based on their capabilities, and therefore the perceived likelihood of achieving the expected return and risk characteristics required. Mercer's manager research rating reflects Mercer's forward-looking assessment of a manager's ability to meet or exceed their objectives. As the Trustee invests in pooled or multi-client investment vehicles they accept that they have no ability to influence the Investment Managers to align their decisions with the Trustee's policies set out in this Statement. However, appropriate mandates can be selected to align with the overall investment strategy.

4.2 The Delegated Investment Manager expects all underlying investment managers to incorporate the consideration of longer term factors, such as ESG, into their decision making process where appropriate. The extent to which this is so will be considered during the selection, retention and realisation of manager appointments. Voting and engagement activity should be used by investment managers to discuss the performance of an issuer of debt or equity. The Delegated Investment Manager engages with underlying investment managers on this activity and if dissatisfied will look to replace the manager. The Trustee expects external investment managers to incorporate consideration of longer term factors, such as ESG into their decision-making process where appropriate.

4.3 The Trustee's focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustee reviews both absolute and relative performance of the Investment Managers products (or funds) on a quarterly basis, including assessments of both shorter and longer time horizons. The Trustee and the Delegated Investment Manager also rely upon Mercer's manager research capabilities. The remuneration for Investment Managers used by the Plan is based on assets under management; the levels of these fees are reviewed annually as part of the annual value for member assessment to ensure they continue to represent value for members. If the Investment Managers' performance is not satisfactory, the Trustee will request an explanation of performance and process from the relevant investment manager. If not satisfied with this, the Trustee may request further action be taken, including a review of fees.

4.4 Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for member assessment. The ability to assess the appropriateness of these costs is limited by the availability of data. The Trustee will monitor industry developments in how to assess these costs and incorporate this in future value for member assessments. Importantly, performance is reviewed net of portfolio turnover costs.

4.5 The Trustee is a long term investor, all funds are open-ended and therefore there is no set duration for manager appointments. The Delegated Investment Manager is responsible for the selection, appointment, monitoring and removal of the underlying investment managers. The Trustee is responsible for the selection, appointment and removal of the external investment managers. The Trustee may also choose to remove a fund from the fund range, if it is no longer considered appropriate. The fund range is formally reviewed on at least a triennial basis.

5. Risk Management

The Trustee has considered risk for the DC Section of the Plan from a number of perspectives. The below list is not exhaustive but covers the main risks that the Trustee considers and how these are managed and measured. The risks considered are:

Type of Risk	Risk	Description	How is the risk monitored and managed?
Market risks	Inflation risk	The risk that investment returns do not keep pace with inflation.	The Trustee makes available a range of funds, across various asset classes, with the majority expected to keep pace with inflation. Members are able to set their own investment allocations, in line with their risk tolerances.
	Currency risk	The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate.	The multi-asset risk profiled funds are considered to have adequate diversification across asset class, region and within each asset class. Management of these funds is the responsibility of the Delegated Investment Manager.
	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 these risks are the responsibility of the external investment manager. The Trustee monitors the externally managed investment funds and outsources this responsibility to the

Equity, property and other risks	Risks additional to those above where the income or the capital value of an asset is uncertain owing to, for example, changes in the profitability of an issuing company.	Delegated Investment Manager for the relevant funds. The Trustee regularly reviews performance of investment funds.
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 the investment managers. See Section 8 of this Statement for the Trustee's responsible investment and corporate governance statement. The Trustee reviews the Mercer Stewardship Monitoring Report on an annual basis. The default lifestyle option, alternative lifestyle strategies and the Mercer Growth Funds include an allocation to sustainable equities. The Trustee offers a sustainable equity fund as part of the non-core self-select range.
Investment Manager risk	The risk that the investment fund underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	For the externally managed funds the Trustee considers the Investment Consultant's opinion of these strategies. The Delegated Investment Manager takes responsibility for the management of this risk for the Mercer funds. The Trustee regularly reviews performance of investment funds.
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.

Mismatch risk	The risk 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. Members can select a lifestyle strategy in accordance with their personal preferences and retirement objectives. The asset allocation and management of these lifestyle strategies is the responsibility of the Delegated Investment Manager.

The above items in Section 3 and 5 of this Statement are in relation to what the Trustee considers 'financially material considerations'. The Trustee believes 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 when they expect to retire. It is partly for this reason that the default investment option is a lifestyle strategy.

Inactive Investment Options

The Prudential With-Profits Fund and Scottish Mutual With-Profits Fund (now managed by Phoenix Life Limited) are closed to new members. The Scottish Mutual With-Profits Fund option was closed to increases in contributions from existing members from August 2014, but members who have previously invested in the fund can continue to make existing investments at the same monetary contribution level. Members who have previously invested in the Prudential With-Profits Fund can continue to make existing, as well as additional, investments.

These funds are actively managed to give each policyholder a return which reflects the earnings on the underlying investments, whilst smoothing investment performance and offering competitive long term returns.

The funds' performance objective is to offer competitive long-term real returns whilst smoothing the peaks and troughs of day-to-day market movements

6. Additional Voluntary Contributions

The Trustee currently has a With-Profits Fund managed by Legal & General Assurance Society Ltd available to members, which is closed to new contributions.

The Trustee currently offer the investment options in the main DC arrangement, as set out in Section 3, for those members that wish to make additional voluntary contributions.

7. Ex-Fasson Money Purchase Section

Former members of the Fasson Section have assets invested in the main DC arrangement with Aviva.

8. Responsible Investment and Corporate Governance (Voting & Engagement)

The Trustee believes that environmental social and corporate governance ("ESG") issues can affect the performance of investment portfolios and should therefore be considered as part of the investment process.

The Trustee believes that good stewardship can enhance long-term portfolio performance, and is therefore in the best interests of the Plan's beneficiaries and aligned with fiduciary duty.

Once appointed, the Trustee gives appointed investment managers, including the Delegated Investment Manager, full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee also regularly reviews the Investment Consultant's ESG ratings of the appointed investment managers.

In particular, given the majority of funds are managed by the Delegated Investment Manager, the Trustee has delegated the ESG, climate change and stewardship considerations to the Delegated Investment Manager alongside other investment responsibilities. The Trustee believes that the Delegated Investment Manager has the necessary expertise and framework in place to effectively manage and monitor investments in line with these areas, and this is implemented through their four-pillar framework: integration, stewardship, thematic investment and screening the Mercer funds incorporate these four-pillars as far as is practical. The Delegated Investment Manager is expected to provide reporting on a regular basis, at least annually, on the ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios.

The Trustee has not set any additional investment restrictions on Mercer or the external investment managers in relation to particular products or activities in excess of those already put in place by the investment managers.

9. Review of this Statement

The Trustee will review this Statement at least every three years and promptly following any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension Plan investments. The Trustee will also consult the sponsoring employer prior to making changes to the Statement.

Avery Dennison Pension Trustee Limited

October 2021

Appendix A: Statement of Investment Principles – DC Section Default Option

Members who do not indicate a preference are invested in the default investment option. Typically, a proportion of members will actively choose the default investment option because they feel it is the most appropriate option for them. However, the vast majority of DC members do not make an active investment decision and are, therefore, automatically invested in the default investment option. The default investment option for Plan members who do not make a proactive fund choice is the Mercer Target Drawdown Retirement Path.

1. Aims and Objectives

The aims of the default option, and the ways in which the Trustee seeks to achieve these aims, are detailed below:

- To generate equity-like levels of growth whilst mitigating inflation erosion and downside risk

  The growth phase invests in a diversified range of assets (equities, bonds and non-traditional assets). A member is in the growth phase if they are more than eight years away from their expected retirement date.

- To provide a strategy that reduces investment risk for members as they approach retirement.

  As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that it is appropriate to utilise a lifestyle approach to reduce investment risk as the member approaches retirement. The reduction of investment risk in the run up to retirement is expected to reduce the impact of market shocks producing unfavourable outcomes for members at retirement.

- To offer to members a mix of assets at retirement that is broadly appropriate for an individual planning to take their benefits as a mix of cash and long-term variable income / drawdown post-retirement.

  At the member's selected retirement date, 75% of the member's assets will be invested in a fund that aims to provide a close match to variable income/drawdown requirements and 25% in a money market fund.

2. Default Option Investment Policies

A range of asset classes are included within the default option, including: developed market equities, emerging market equities, sustainable equities, small capitalisation equities, low volatility equities, real estate investment trusts, money market investments, gilts, index-linked gilts and corporate bonds. Both active and passive management funds are utilised, depending on asset class.

The management of the funds within the default option has been delegated by the Trustee to the Delegated Investment Manager. The Trustee has outsourced the investment strategy decisions, or balance of investments, to the Delegated Investment Manager.

The Trustee has explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members. The asset allocation is consistent with the expected amount of risk that is deemed appropriate given the age of the member and when they expect to retire.

Assets in the default option are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole. The Trustee requires that 90% of all investments should be realisable at short notice. All funds are daily-dealt pooled investment arrangements. These pooled investment arrangements are themselves regulated and underlying investments are all mainly in regulated markets, and therefore are believed to be readily redeemable based on member demand. Where pooled investment arrangements do not invest assets in regulated markets these are not expected to account for a material proportion of assets. The selection, retention and realisation of investments within these pooled funds is the responsibility of the chosen investment managers.

Any investment in derivative instruments (either directly or within the underlying pooled funds) contributes to risk reduction, or efficient portfolio management.

Member views are not explicitly taken into account in the selection, retention and realisation of investments within the default investment option.

The Trustee’s policy on Responsible Investment and Corporate Governance and engagement with managers is included in Sections 8 and 4 of the Statement respectively.

3 Risk Management

The Trustee has considered risks from a number of perspectives. The list below is not exhaustive but covers the main risks that the Trustee considers and how they are managed:

Type of Risk	Risk	Description	How is the risk monitored and managed?
Market risks	Inflation risk	The risk that investment returns do not keep pace with inflation.	The Trustee regularly reviews performance of investment funds. The Trustees monitor the performance of the growth phase against inflation. The strategy for the default investment option is set with the intention of diversifying these risks to reach a level deemed appropriate. The asset allocations within the default option are the responsibility of the Delegated Investment Manager.
	Currency risk	The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate.	
	Credit risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	
	Equity, property and other risks	Risks additional to those above where the income or the capital value of an asset is uncertain owing to, for example, changes in the profitability of an issuing company.	

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.	In line with the main DC Section.
Investment Manager risk	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.	In line with the main DC Section.
Liquidity risk	The risk that the Plan's assets cannot be realised at short notice in line with member demand.	In line with the main DC Section.
Mismatch risk	The risk 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 default option is a lifestyle strategy which automatically switches member assets as they approach retirement age into investments whose value is expected to be less volatile relative to variable income/ drawdown and taking a 25% cash lump sum. As part of the triennial default review, the Trustee ensures the default destination remains appropriate.

The above items in Sections 2 and 3 of this Appendix, are in relation to what the Trustee considers 'financially material considerations'. The Trustee believes 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 when they expect to retire. It is partly for this reason that the default investment option is a lifestyle strategy.

4 Members' Interests

In making the decision regarding which Target Retirement Path (Annuity, Cash or Drawdown) should be the default investment option, the Trustee considered their understanding of the Plan's membership. Based on this understanding, a default investment option that targets income drawdown and a tax-free cash lump sum (up to 25% of a members' pot) was chosen.

The Trustee will continue to review this over time, at least triennially, or after significant change sot the Plan's demographic, if sooner.

Members will be supported by clear communications regarding the aims of the default and the access to alternative approaches. The default option does not mean that members have to take their benefits in this format at retirement – it merely determines the investment strategy in place prior to retirement. Moreover, prior to the de-risking periods, members will be asked whether they wish to remain in the default investment option or to transfer to an alternative Target Retirement Path.

5 Additional Default Arrangements

In accordance with the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Trustee has identified the investment options listed below as 'default arrangements' (as defined by these regulations).

In December 2019, Aviva decided to close the M&G All Stocks Corporate Bond Fund. Following advice from Mercer, members' assets invested in the Fund were mapped to the Mercer Defensive Fund.

In February 2021, as part of the consolidation of AVC assets from Utmost Life and Pensions into the main DC platform held with Aviva, unit linked AVC funds previously held in the Money Market Fund with Utmost were mapped across to new funds. For those members that already contribute to the DC arrangement with Aviva, their Utmost AVCs were mapped across to the same Aviva funds that the member already invests and in the same proportion. For those members that do not currently contribute to the DC arrangement with Aviva, their Utmost AVCs were mapped to the BlackRock Institutional Liquidity Fund.

The Funds impacted were as follows:

BlackRock Institutional Liquidity Fund

Aviva Mercer Growth / Balanced Risk

Aviva Mercer High Growth / Higher Risk

Aviva Mercer Target Annuity

Aviva Mercer Target Drawdown

All the above Funds have been identified as 'default arrangements' as members' contributions have been automatically directed to them without members having instructed the Trustee where their contributions are to be invested. The performance of these funds are monitored on a quarterly basis, with a strategic review being carried out at least triennially.

The Trustee are satisfied that these Funds are suitable due to the lower cost to members, the increased governance and oversight and the flexibility for members.

Fund Objectives

The objectives in respect of these 'default arrangements' are summarised in the table below. These objectives are in addition to the Overall Aims and Objectives and Investment Objectives stated for the general DC Section.

Fund/Investment Strategy	Fund Objective
Aviva Pension Mercer Defensive / Lower Risk Fund	The Fund aims for stable capital growth over the long term. It invests in one or more underlying fund(s) to produce a portfolio with around a quarter in money market instruments and around three quarters invested in government bonds, corporate bonds, UK shares, overseas shares and other asset types such as property. Other securities may be held from time to time.

Aviva BlackRock Sterling Liquidity Fund	The Fund aims to maximise income on investment consistent with maintaining capital and ensuring its underlying assets can easily be bought or sold in the market (in normal market conditions).
Aviva Mercer Growth / Balanced Risk	The Fund aims to provide moderate to high levels of long-term capital growth. It invests in one or more underlying fund(s) to produce a portfolio with around three quarters or more invested in UK and overseas shares, a holding in government and corporate bonds and the remainder spread across other asset types giving exposure to commodities, property and money market instruments. Derivatives may be used for investment purposes as well as risk reduction.
Aviva Mercer High Growth / Higher Risk	The Fund aims to provide high levels of long-term capital growth. It invests in one or more underlying fund(s) to produce a portfolio mostly invested in UK and overseas shares, with a small holding in government and corporate bonds and the rest spread across other asset types giving exposure to commodities, property and money market instruments. Derivatives may be used for investment purposes as well as risk reduction.
Aviva Mercer Target Annuity	These target dated funds are designed for investors intending to buy a fixed annuity at retirement. Prior to the target dated year the fund will invest in one or more underlying funds to produce a portfolio with access to a range of asset classes, including, but not limited to, equities, bonds, commodities indices and Real Estate Investment Trusts (REITs). The emphasis of the fund gradually changes over its lifetime so that when the fund closes at the start of the target dated year around three quarters is invested in government and corporate bonds and around a quarter in money market securities. At the start of the target dated year, investments in this fund will be automatically switched into the Annuity Retirement Fund to maintain a similar asset split until you buy an annuity. Derivatives may be used for investment purposes as well as risk reduction.

Aviva Mercer Target Drawdown	These target dated funds are designed for investors intending to enter drawdown and continue to invest their portfolio after retirement. Prior to the target dated year, the fund will invest in one or more underlying funds to produce a portfolio with access to a range of asset classes, including, but not limited to, equities, bonds, commodities indices and Real Estate Investment Trusts (REITs). The emphasis of the fund gradually changes over its lifetime so that when the fund closes at the start of the target dated year around a quarter is in money market securities and three quarters is invested in a range of assets aiming to provide moderate long-term capital growth.

Risk in relation to the Additional Default Arrangements

The Trustee considers the trade-off between risk and expected returns for the funds offered to members. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members.

The additional defaults were created due to mapping exercises completed by the Trustee, after taking appropriate advice from their investment adviser. As part of any mapping exercise, the Trustee considers the appropriateness of the investment arrangements to ensure that the expected amount of risk (and commensurately the expected return) is appropriate given the age of the member and their expected retirement date.

The Trustee has considered the investment risk associated with DC pension investment. This risk can be defined as the uncertainty over the ultimate amount of savings available on retirement. A number of factors contributed to this uncertainty some of which (such as the amount of contributions paid and the length of time these contributions are invested) cannot be managed by the investment strategies made available to members. The specific risks pertaining to the additional default arrangements are identified in the table under Section 5.

The objectives set out above and the risks and other factors referenced in this Statement are those that the Trustee considers to be financially material considerations in relation to the additional default arrangements. The Trustee believes 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.

Appendix B: Mercer and Externally Managed Funds

Mercer has been selected as the Delegated Investment Manager for the DC Section of the Plan, and is responsible for the day-to-day management of the assets in funds provided by Mercer. The Trustee has selected four externally managed funds to be made available for Plan members, the Trustee is responsible for the management of these funds. The funds as managed by Mercer as Delegated Investment Manager and by the Trustee are laid out in the following table:

Mercer funds	Externally managed funds
Mercer Defensive *	Aviva Pension Stewardship
Mercer Moderate Growth *	MFS Meridian Global Equity
Mercer Growth *	M&G Feeder of Property
Mercer High Growth *	BlackRock Institutional Liquidity Fund
Mercer Annuity Retirement	
Mercer Cash Retirement	
Mercer Diversified Retirement	
Mercer Target Annuity (target date funds)	
Mercer Target Cash (target date funds)	
Mercer Target Drawdown (target date funds)	
Mercer Passive Sustainable Global Equity	
Mercer Active Emerging Markets Equity	
Mercer Inflation-Linked Pre-Retirement	

**These funds form the core fund range constructed by MWS and each consists of different risk and return characteristics*