Glencore UK Ltd Pension Scheme

Statement of Investment Principles

September 2020

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1 Introduction

This document constitutes the Statement of Investment Principles (the "**SIP**") required under Section 35 of the Pensions Act 1995 for the Glencore UK Ltd Pension Scheme (the "**Scheme**"). It describes the investment policy adopted by the Trustees of the Scheme (the "**Trustees**") and is in compliance with our understanding of the requirements of the Occupational Pension Schemes (Investment) Regulations 2005 and the Occupational Pension Schemes (Charges and Governance) 2015, and the Pensions Regulator's Code of Practice (and associated guidance) in relation to governance and administration of DC pension schemes issued in July 2016 in force at the time of preparing this document.

The Trustees confirm that, before preparing this SIP, they have consulted with Glencore UK Ltd (the "**Employer**") and taken appropriate advice from their advisers.

The Trustees believe their advisers to be qualified by their ability and practical experience of financial and legal matters respectively and to have appropriate knowledge, and experience of the management of the investment arrangements that the Scheme requires. The Trustees also confirm that they will consult with the Employer and take advice from the relevant advisers as part of any review of this SIP.

The Trustees are responsible for the investment of the Scheme's assets, and arranging and overseeing member administration. The Trustees' investment powers are set out in the Scheme's Trust Deed and Rules. Where they are required to make an investment decision, the Trustees receive advice from the relevant advisers first and they believe that this ensures that they are appropriately familiar with the issues concerned.

In accordance with the Financial Services & Markets Act 2000, the Trustees set general investment policy, but have delegated the day-to-day investment of the Scheme's assets to professional fund managers (the "**Investment Managers**") in accordance with Section 34(2) of the Pensions Act 1995. The Managers are authorised under the Financial Services & Markets Act 2000, provide the expertise necessary to manage the investments of the Scheme competently and will comply with the requirements of Section 36 of the Pensions Act 1995.

1.1 Declaration

The Trustees acknowledge that it is their responsibility, with guidance from their advisers, to ensure the assets of the Scheme are invested in accordance with these Principles.

Signed .... **Date** 23/9/20 ....

For and on behalf of the Trustees of the Scheme

2 Governance

The Trustees are responsible for the governance and investment of the Scheme's assets. They consider that the governance structure set out in this SIP is appropriate for the Scheme as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day aspects to the Investment Managers or the advisers as appropriate. The responsibilities of each of the parties involved in the Scheme's governance are detailed in ***Appendix A***.

3 Investment Objectives

The Trustees recognise that members have differing investment needs and that these may change during the course of members' working lives. They also recognise that members have different attitudes to risk. The Trustees regard their duty as creating a robust default arrangement offering to cater for the proportion of the workforce not actively managing their pension investments. This default should be focused on members' needs and outcomes.

The Trustees also adhere to making available a range of investment options (managed by high quality investment managers) sufficient to enable members who so choose, to tailor their investment strategy to their own needs.

The Trustees' objectives are:

i. To provide members with a robust default arrangement designed to focus on members' needs by aiming to maintain the purchasing power of members' savings and protect the value of accumulated assets as members approach retirement. The default strategy available to members is set out in section 4 and ***Appendix B***.

ii. To provide members with a range of investment options to enable them to tailor their investment strategy to their own needs, should they wish. These are shown in ***Appendix B***

iii. To avoid over-complexity in investment in order to keep administration costs, member understanding and member charges to a reasonable level.

4 Default Investment Strategy

The Trustees have made a default strategy available to members. This strategy is called the Glencore Cautious Lifetime 2011 Lifetime Investment Programme (the "**default**"). Further details in respect of the default are set out in ***Appendix B***.

4.1 Aims and Objectives of the default

The Trustees' aims and objectives in relation to the default are to support members' investment needs where members do not choose any option. Broader aims and objectives in relation to the default are set out in Section 3, titled "Investment Objectives".

4.2 Trustees' policies in relation to the default

i. The kinds of investment to be held

The default invests in differing proportions of UK and overseas equity, fixed interest gilts, index-linked gilts and cash, depending on each member's term to retirement. The funds held within the default are shown in ***Appendix B***.

ii. The balance between different kinds of investments

The balance between different investments within the default is shown in ***Appendix B***. The Trustees are satisfied that, taken in aggregate, the funds offered are appropriate for different categories and ages of members.

iii. Risks (including the ways in which risks are to be measured and managed)

Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default, the Trustees have explicitly considered the trade-off between risk and expected returns. All of the risks applicable to the Scheme as a whole, that the Trustees believe are financially material are shown in ***Section 9***, titled "Risks". All of the risks shown, including how they are measured and managed, are relevant to the default.

iv. Expected return on investments

Objectives for each fund used within the default are shown in ***Appendix B***.

The default's equity funds are expected to produce long term returns above price inflation. The objectives of including the cash and gilts funds are to provide for the payment of a tax-free lump sum on retirement and to reduce volatility relative to the cost of purchasing an annuity, rather than to achieve a specified "real" or "nominal" return. The Trustees are satisfied that these objectives are appropriate for the different requirements and ages of members.

v. Realisation of investments

Funds used within the default are unitised, pooled funds which are dealt daily.

vi. Social, environmental or ethical considerations

The extent to which the Trustees consider social, environmental or ethical issues, and the exercise of rights within the default is shown in the ***Section 10***, titled “Responsible Investment and Corporate Governance”

vii. Exercise of rights (including voting rights) attaching to the investments

The extent to which the Trustees consider the exercise of rights within the default is shown in the ***Section 10***, titled “Responsible Investment and Corporate Governance”.

4.3 Best interests of members and beneficiaries

In designing the default, the Trustees have considered members’ changing risk and return requirements over time and member outcomes. The Trustees believe the default and the Additional Defaults (detailed in Section 4.6) are in the best interest of the majority of members and beneficiaries, and undertakes periodic reviews on its suitability.

4.4 Additional Defaults

There are a number of cases where the Trustees or Aviva have sought to close funds. Due to these actions being taken, the Trustees have appointed suitable replacement funds based on all relevant factors for each closure, explained in more detail in **Section 4.6.**

In accordance with the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Trustees have identified that investment options listed in the table in Section 4.6 are to be treated as ‘default arrangements’ (as defined by these regulations) in addition to the current default investment option (as detailed in Appendix B). These have been identified as ‘default arrangements’ as member contributions have been automatically directed to replacement funds without members having instructed the Trustees where their savings and future contributions are to be invested.

The performance of these funds are monitored quarterly, with a strategic review being carried out at least triennially since falling under the categorisation of a ‘default arrangement’.

4.5 Additional Defaults – Trustees’ policies

In addition to the Trustees’ Investment Aims & Objectives (covered in Section 4.1), the Trustees’ policies in respect of these Additional Defaults is summarised below:

i. Trustee’s Aims and Objectives:

To provide members with a fund that is a suitable replacement for one that has been removed from the Scheme.

ii. The extent (if at all) to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments:

The management of ESG related risks is exercised by the underlying investment managers. See Section 10 of this Statement for the Trustees' responsible investment and corporate governance statement.

iii. The realisation of investments:

The Trustees have considered these manager and mandate appointments noting that the selection, retention and realisation of assets within the pooled funds are delegated to the respective investment managers in line with the mandates of the funds.

4.6 Additional Defaults – further details

As part of Aviva's ongoing fund range review, they announced they will be closing a number of the smaller funds by assets under management and new funds will be launched where they are believed to enhance the offering. As a result of the review, Aviva informed the Trustees that three funds that Scheme members invest in, will be closing. The closing funds and their replacements are detailed below:

The following table provides details of these Additional Defaults:

Fund(s)	Reason for identification as a 'default arrangement'	Date categorised as a default arrangement
Baillie Gifford International Fund	*Closing Fund: Fidelity Global Special Situations Fund* The Trustees agreed to move members' existing assets and future contributions from the Fidelity Global Special Situations Fund to the Baillie Gifford International Fund. The replacement fund, like the closing fund provides exposure to global markets. While the replacement fund mainly invests in equities (the closing fund can invest across asset classes), both funds are actively managed and have similar investment objectives. The replacement fund is also charge cap compliant.	18 January 2019
BlackRock US Equity Index Tracker Fund	*Closing Fund: Investec American Franchise IE Fund* The Trustees agreed to move members' existing assets and future contributions from the Investec American Franchise IE Fund to the BlackRock US Equity Index Tracker Fund. The replacement fund provides exposure to US equities, as does the Investec American Franchise, albeit using a passive approach and a broader universe. The replacement fund is also charge cap compliant.	18 February 2019

Fund(s)	Reason for identification as a ‘default arrangement’	Date categorised as a default arrangement
BlackRock Emerging Markets Equity Index Tracker Fund	*Closing Fund: Janus Henderson Emerging Markets Opportunities Fund* The Trustees agreed to move members’ existing assets and future contributions from the Janus Henderson Emerging Markets Opportunities Fund to the BlackRock Emerging Markets Equity Index Tracker Fund. The replacement fund provides exposure to emerging market equities, as does the Janus Henderson Fund, albeit using a passive approach and a broader universe. The replacement fund is also charge cap compliant.	21 March 2019

Further information on these funds can be found in Appendix A.

5 Investment Strategy

Having due regard for the members of the Scheme and their objectives, a number of investment options have been made available. Members can choose to invest their contributions in one or more of these investment options, or may rely on the default, as detailed in ***Appendix B***.

The Trustees will ensure that each member's investments are invested in accordance with the fund options selected by the member, or in the absence of an investment choice, the default.

5.1 Investment Options

The investment options include the default, two alternative lifestyles called the Glencore Aggressive Lifetime 2011 Lifetime Investment Programme and the Glencore Balanced Lifetime 2011 Lifetime Investment Programme (collectively the "**alternative lifestyles**", and a range of individual funds ("**self-select**" options).

The default involves switching members across different underlying funds as they approach retirement. The switching is designed to adjust the risk and return profile over time, thereby taking account of members' changing risk profiles as they approach retirement.

The Trustees have delegated the day-to-day investment of the Scheme's assets to professional investment managers.

Details of the investment options are set out in ***Appendix B***.

5.2 Performance Objectives

The objectives of the funds available within the investment options are set out in ***Appendix B***.

5.3 Diversification

The choice of investment options for members is designed to ensure that members are able to choose investments that are adequately diversified and suitable for their profile. The Trustees monitor the investment options regularly to ensure that they are comfortable with the choice of funds offered to members.

5.4 Suitability

The suitability and range of investment options, including the default, will be reviewed regularly. Members are responsible for choosing which of the self-select funds is most appropriate based on their own individual circumstances, or otherwise relying on the default for the investment of their own and their employer's contributions.

6 Strategy Implementation

6.1 Investment Managers

The Trustees have appointed a variety of investment managers, accessed via Aviva Life & Pensions UK Limited ("Aviva"), who provide the pooled funds that make up the Scheme's investment options. The Trustees have selected a range of investment options for members. Full details are set out in ***Appendix B***.

6.2 Administrator

Member administration services are provided to the Trustees by Aviva.

6.3 Fund Options

The range of funds offered to members has been chosen to give members a diversified range of investments from which they can select according to their individual circumstances. The funds available to members are detailed in ***Appendix B***.

6.4 Investment of Contributions

A member's contributions will be invested in line with their selected choice of funds. Where a member has not made an active selection, their contributions will be invested in the default (detailed in ***Appendix B***).

6.5 Transitions

The Trustees, in conjunction with their advisers, will look to mitigate the potential risks and costs to members as a result of any investment transitions to the best of their ability.

7 Monitoring

7.1 Managers

i) Aligning manager appointments with investment strategy

The Trustees look to their DC investment adviser for their forward-looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the DC adviser's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Scheme invests in. The adviser's manager research ratings assist with due diligence and are used in decisions around selection, retention and realisation of manager appointments.

For passively managed mandates, or those where outperformance is not the primary goal, the Trustees will seek guidance from their adviser in relation to their forward looking assessment of the manager's ability to achieve the stated mandate objectives.

As the Trustees invest in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

The Investment Managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed. If the Trustees are dissatisfied, then they will consider replacing the Manager.

An Investment Manager's appointment may also be terminated if the Trustees' strategic investment objectives change or if the investment objective for a particular Manager's fund changes.

ii) Evaluation Investment Manager performance

The Trustees, or their advisers on behalf of the Trustees, will monitor the performance of the Investment Managers against their own benchmarks and against the manager's stated target performance (over the relevant time period) on a net of fees basis at least annually. The Trustees will receive performance reports from their investment adviser on an annual basis, which present performance information over 3 months, 1 year and 3 years. The Trustees' focus is on long term performance but will put a manager 'on watch' if there are short term performance concerns. A manager's appointment may also be reviewed for the reasons stated in the section above.

Some appointments are actively managed and the managers are incentivised through remuneration and performance targets (an appointment will be reviewed following periods of sustained underperformance). As part of the annual Value for Members ("VfM") assessment, the Trustees review the Manager fees of the funds held by the Defined Contribution Section.

The Trustees, or their advisers on behalf of the Trustees, will regularly review the activities of the Investment Managers to satisfy themselves that each Investment Manager continues to carry out its work competently and has the appropriate knowledge and experience to manage the Scheme's assets.

As part of this review, the Trustees will consider whether or not each Investment Manager:

- Is carrying out its function competently. The Trustees will evaluate the Investment Manager based on, amongst other things:
  - The Investment Manager's performance versus its benchmark.
  - The level of risk within the portfolios given any specified risk tolerances.
- Has regard to the suitability of each investment and each category of investment.
- Has been exercising its powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical.

If the Trustees are not satisfied with an Investment Manager, they will ask the Investment Manager to take steps to rectify the situation. If the Investment Manager still does not meet the Trustees' requirements, the Trustees will remove the Investment Manager and appoint another following necessary due diligence.

iii) Portfolio turnover costs

The Trustees do not currently actively monitor portfolio turnover costs within the DC Section, but will continue to monitor industry improvements concerning the reporting of portfolio turnover costs. In future, the Trustees may ask managers to report on portfolio turnover costs. This may be assessed by comparing portfolio turnover across the same asset class, on a year-on-year basis for the same manager fund, or where relevant, relative to the Manager's specific portfolio turnover range in the investment guidelines or prospectus.

The Trustees will monitor portfolio turnover costs for the DC Section on an annual basis as part of its VfM assessment.

iv) Manager turnover

The Trustees are long term investors and are not looking to change the investment arrangements on a frequent basis. For open-ended funds, the Trustees will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or Investment Manager;
- The basis on which the Investment Manager was appointed changes materially (e.g. manager fees or investment process); or

- The Investment Manager appointment has been reviewed and the Trustees are no longer comfortable that the manager can deliver the mandate.

In the DC Section, the default strategy is reviewed on at least a triennial basis. An Investment 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.

7.2 Advisers

The Trustees will monitor the advice given by their advisers on a regular basis.

7.3 Statement of Investment Principles

The Trustees will review this SIP at least triennially, or as soon as is practical following any changes to the investment strategy, and modify it with consultation from the relevant advisers and the Employer, if deemed appropriate. There will be no obligation to change this SIP, any Investment Manager, Platform Manager or adviser as part of such a review.

7.4 Trustees' Recordkeeping

The Trustees maintain a record of all investment related decisions they have taken, together with the rationale in each case.

8 Fees

8.1 Member charges

There are different sources of charges applicable to members:

i) Investment management charges

ii) Aviva platform charge

iii) Aviva member administration charge

Fees are charged as a proportion of the size of assets invested. The charges will be reviewed regularly. Member charges are set out to members in Scheme literature.

8.2 Advisers

Fees paid to the advisers are based either on actual time spent and hourly rates for relevant individuals or on fixed fees agreed in advance for specifically defined projects.

8.3 Value for Members

The Trustees review, as far as possible based on the data available, all sources of fees levied on members' accounts (including management charges, additional expenses and platform charges as appropriate) to ensure value for members is present. The Trustees consider, among other items, the absolute level of charges, the competitiveness of applicable charges relative to the marketplace and the levels and extent of service provided by each of the advisers and Managers.

The Trustees also review, as far as is reasonable and practical, transaction costs paid by members to assess the extent to which these represent good value for money.

The Trustees' conclusions in respect of value for members are documented in the Chair's Statement, contained in the Scheme's annual report and accounts.

9 Risks

The Trustees recognise a number of key risks to themselves and to Scheme members. The main risks faced by members that the Trustees consider to be financially material and how the Trustees help members manage them are listed below. The risks listed below apply to all the investment options that are available in the Scheme. 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 when they expect to retire.

i. **Value for Members Risk** – the risk that the Scheme fails to offer value for money to members. This is addressed through regular assessment of whether value for members is present which is documented in the Scheme's annual accounts.

ii. **Inflation Risk** – the risk that the purchasing power of their investment account is not maintained. To try to manage this risk, the Trustees have offered a range of investment options incorporating asset classes expected to provide long term returns in excess of price inflation.

iii. **Currency Risk** – the risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate. The Trustees make available a range of funds available that invest in local as well as overseas markets and currencies.

iv. **Pension Purchase Risk** – the risk that the value of pension benefits that can be purchased by a given defined contribution amount is not maintained. This risk cannot easily be mitigated as it depends on market conditions for annuity rates at the point of retirement. However, the default gradually de-risks the investment held as members approach retirement, including an increased allocation to bonds up to five years from retirement which should provide an extent of annuity price matching. Bond funds are also available within the alternative lifestyles and the self-select fund range for those members who would like to hedge annuity price movements more explicitly.

v. **Capital Risk** – the risk that the value of any element used to provide a cash sum at retirement is not maintained. To try to mitigate this risk, the default and alternative lifestyles de-risk into cash (partially) starting five years from retirement. In addition, the self-select fund range includes a cash fund option for members prioritising capital preservation.

vi. **Active Manager Risk** – the risk that the active investments underlying the Scheme's investment options underperform their objectives due to the underlying investment manager underperforming. The Trustees have mitigated this risk by offering a wide range of both active and passive funds and regularly monitoring the performance of the funds.

vii. **Communication Risk** – the risk that communication to members is misleading or unclear and leads to inappropriate decisions being made. This is addressed through the Trustees receiving advice from their advisers and regular monitoring and updates, where appropriate, of member communications.

viii. **Inappropriate Member Decision** – the risk that members make inappropriate decisions regarding their investments. This is addressed where possible through communication to members and the recommendation that members seek independent financial advice. The

Trustees have also offered a default and alternative lifestyles with a "lifestyling element" designed to phase members into lower risk investments as they approach retirement without members having to make active decisions.

ix. **Organisational Risk** – the risk of inadequate internal processes leading to problems for the Scheme. This is addressed through regular monitoring of the Investment Managers and advisers.

x. **Liquidity Risk** – the risk that members are not able to realise the value of their funds when required. The Trustees have addressed this risk by only offering funds which are daily dealt and therefore highly liquid.

xi. **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 Trustees have delegated the management of ESG related risks to the underlying investment managers. See Section 9 of this Statement for the Trustee's responsible investment and corporate governance statement, which addresses how the Trustees monitor these risks.

The Trustees recognise a number of investment risks relating to how some of the assets used by the Scheme are invested. These risks are communicated to members as part of the fund literature and include price risk, currency risk, high cash level risk, emerging market risk, small company risk, interest rate risk, reinsurance risk as well as risks relating to investment in specialist funds, derivatives, cash/money markets, physical property, index-linked securities, ethical investment. They are kept under review and generally accepted as risks appropriate for the type of investment strategy being employed.

The importance of each risk varies with time. Inflation is important throughout the whole period to retirement whereas pension purchase risk and capital risk become more significant as retirement approaches, depending on how the member choses to access their pension saving at retirement.

The Trustees have provided a default and alternative lifestyles that aim to address the above risks through a member's working life. The Trustees may vary the underlying asset allocation and investment managers within these strategies from time to time in response to changing market conditions and manager developments.

The Trustees provide members with a range of self-select investment options into which they may direct their contributions so as to allow each member to determine the appropriate mix of investments based on their own attitude to risk, term to retirement and investment objective.

In addition to the risks noted above, the Trustees also recognise the options they have selected are subject to underperformance risk. This is addressed through providing options with appropriate diversification and through regular monitoring of the active managers' performance, processes and capabilities with respect to their mandate.

The Trustees recognise that an efficient process for identifying, evaluating, managing and monitoring risks needs to be in place for the Scheme. The Trustees will identify and assess the impact of any risk, what controls can be put in place to manage the risk, and review both the individual risks and the effectiveness of the risk management process as a whole.

The Trustees will keep these risks and how they are managed under regular review.

10 Responsible Investment and Corporate Governance

i. The Trustees believe that environmental, social and corporate governance (“ESG”) factors may have a financially material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustees have taken into account the expected time horizon of the Plan, when considering how to integrate these issues into the investment decision making process.

ii. The Trustees have given the appointed investment managers, accessed via the Aviva platform, full discretion when evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the Scheme’s investments. This includes undertaking engagement activities, in accordance with their own ESG and stewardship policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

iii. The Trustees consider, amongst other factors, how ESG, climate change and stewardship is integrated within investment processes in the selection, retention and realisation of investments. The Trustees consider the ESG credentials of investment managers in the selection of investment managers, making use of their investment adviser’s ESG ratings. The Trustees will review the ESG credentials of their managers on a regular basis using the investment reports provided by their investment advisers, which includes use of the investment adviser’s ESG ratings.

iv. The Trustees recognise that it is not possible to specify investment restrictions, in particular ESG restrictions, where assets are managed via pooled funds and furthermore, given that it is Aviva that has the direct relationship with the third parties offering the funds (and not the Trustees). However, this may be considered in the future.

v. Non-financial matters, including (but not limited to) members’ ethical views are not currently taken into account in the selection, retention and realisation of investments. However, members have a variety of methods by which they can make views known to the Trustees and the Trustees will reflect on feedback received as part of their investment strategy discussions.

Appendix A - Responsibilities

Trustees

The main investment related responsibilities of the Trustees include:

i. Reviewing, at least triennially (or following significant changes to either the investment policy or the demographic profile of the membership), the content of this SIP and modifying it if deemed appropriate.

ii. Reviewing the investment strategy in terms of providing a range of funds from which members may choose to invest (see ***Appendix B***).

iii. Assessing the quality of the performance and process of the Investment Managers by means of regular reviews of the investment results and other information, through meetings and written reports.

iv. Monitoring compliance of the investment arrangements with the SIP on an ongoing basis.

v. Appointing and dismissing Investment Managers.

vi. Assessing the performance of their advisers and appointing/dismissing, as required.

vii. Consulting with the Employer when reviewing investment policy issues.

viii. Providing any appointed organisations/individuals with a copy of the SIP, where appropriate.

Investment Adviser

The Investment Adviser will be responsible for, amongst other things:

i. Participating with the Trustees in reviews of this SIP.

ii. Advising the Trustees of any changes in respect of the Investment Managers that could affect the interests of the Scheme.

iii. Advising the Trustees of any changes in the investment environment that could either present opportunities or threats to the Scheme.

iv. Undertaking reviews of the Scheme's investment arrangements including reviews of the Scheme's objectives, current Investment Managers, and selection of new Investment Managers as appropriate.

Legal Adviser

The Legal Adviser will be responsible for, amongst other things:

i. Acting on the Trustee's instructions to ensure legal compliance including those in respect of investment matters.

Appendix B – Investment Options

This Appendix provides detail on the investment choices for members alongside return objectives and risk management guidelines. The Trustees provide a default for members who do not make an active investment decision, as well as two alternative lifestyles. For these options, the asset allocation automatically changes as members approach retirement, aiming to reflect members' changing risk and return requirements.

Alternatively, members can choose from a range of **self-select** investment options, which allows them to determine the appropriate mix of investments based on their own attitude to risk, term to retirement and investment objective.

All funds shown below are named with a prefix of "Aviva Pensions" to reflect the involvement of Aviva in providing the investment administration on their platform. For brevity, this prefix is removed below. All information in this section is sourced from Aviva.

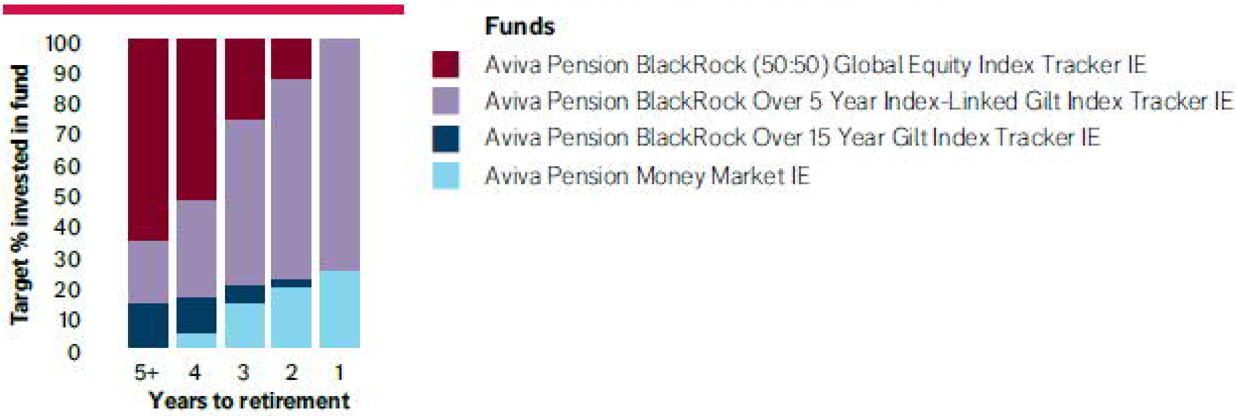
Default strategy: Glencore Cautious Lifetime 2011 Lifetime Investment Programme

Where a member does not make a specific investment choice, they will be automatically invested in the default. This phases a member's assets through different funds (set out in the table below) as retirement approaches. Objectives for the funds underlying the default are set out in the table within the "Self-select fund options" sub-section below (all funds used in the default are also self-select options).

Fund name	Invests in	Asset class	Investment style
BlackRock (50:50) Global Equity Index Tracker IE	50% Global Equities, 50% UK Equities	Equities	Passive
BlackRock Over 5 Year Index-Linked Gilt Index Tracker IE	UK Index-Linked Gilts	Gilts	Passive
BlackRock Over 15 Year Gilt Index Tracker IE	UK Fixed Interest Gilts	Gilts	Passive
(Aviva) Money Market IE	Cash	Cash	Active

The progression of these funds through the default profile is shown in the diagram below.

Glencore Cautious Lifetime 2011 Lifetime Investment Programme



Alternative Lifestyle 1: Glencore Balanced Lifetime 2011 Lifetime Investment Programme

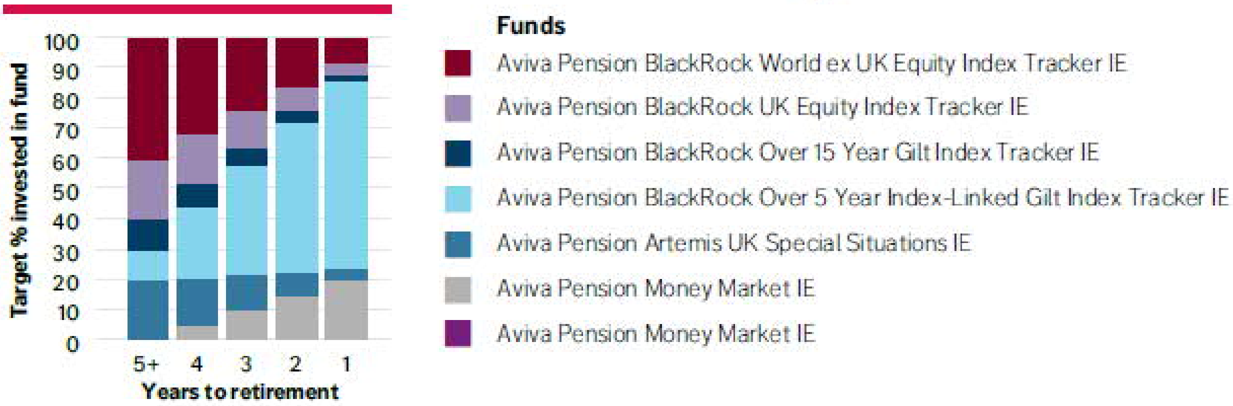
An alternative lifestyle is made available, considered to be suitable for members who wish to be de-risked automatically as they approach retirement, but who have a slightly higher risk appetite than is reflected by the default. This lifestyle phases a member's assets through different funds (shown in the table below) in a similar manner to the default, but has a higher exposure to equities than the default.

Fees and objectives for the funds below are set out in the table within the "Self-select fund options" sub-section below (all funds used below are also self-select options).

Fund name	Invests in	Asset class	Investment style
BlackRock World ex UK Equity Index Tracker IE	Global Equity	Equities	Passive
BlackRock UK Equity Index Tracker IE	UK Equities	Equities	Passive
BlackRock Over 15 Year Gilt Index Tracker IE	UK Fixed Interest Gilts	Gilts	Passive
BlackRock Over 5 Year Index-Linked Gilt Index Tracker IE	UK Index-Linked Gilts	Gilts	Passive
Artemis UK Special Situations IE	UK Equities	Equities	Active
(Aviva) Money Market IE	Cash	Cash	Active

The progression of these funds through this lifestyle is shown in the diagram below.

Glencore Balanced Lifetime 2011 Lifetime Investment Programme



Alternative Lifestyle 2: Glencore Aggressive Lifetime 2011 Lifetime Investment Programme

An alternative lifestyle is made available, considered to be suitable for members who wish to be de-risked automatically as they approach retirement, but who have a higher risk appetite than is reflected by the default or alternative lifestyle 1 above. This lifestyle phases a member's assets through different funds (shown in the table below) in a similar manner to the default, but has a higher exposure to equities and active management than the default.

Fees and objectives for the funds below are set out in the table within the "Self-select fund options" sub-section below (all funds used below are also self-select options).

Fund name	Invests in	Asset class	Investment style
Newton Global Equity IE	Global Equity	Equities	Active
BlackRock UK Equity Index Tracker IE	UK Equities	Equities	Passive
Artemis UK Special Situations IE	UK Equities	Equities	Active
Invesco Perpetual Corporate Bond IE	Corporate Bonds	Corporate Bonds	Active
BlackRock Emerging Market Equities Tracker XE	Emerging Market Equities	Equities	Passive
BlackRock Over 5 Year Index-Linked Gilt Index Tracker IE	UK Index-Linked Gilts	Gilts	Passive
(Aviva) Money Market IE	Cash	Cash	Active

The progression of these funds through this lifestyle is shown in the diagram below.

Self-select fund options

The self-select options allow members to choose from a selection of funds based on their own attitude to risk, term to retirement and investment objective. The funds that are available to members are set out below.

Fund / active or passive	Default	Alt. L/S	Self-Select	AMC/ TER*	Fund Benchmark
Fidelity Asia IE			✓	1.40%/ 1.40%	MSCI AC Asia Pacific ex Japan Index
BlackRock Emerging Market Equities Tracker XE		✓	✓	0.50%/ 0.50%	MSCI Emerging Markets Index.
Baillie Gifford Japanese IE			✓	1.15%/ 1.15%	IA Japan Sector (peer group)
Fidelity European IE			✓	1.40%/ 1.40%	MSCI Europe ex UK Index
Baillie Gifford International			✓	0.68%/ 0.68%	MSCI AC World (ex UK) Index
BlackRock US Equity Index Tracker XE			✓	0.49%/ 0.49%	FTSE All-World USA Index
Artemis UK Special Situations		✓	✓	0.75%/ 0.75%	FTSE All Share Index
BlackRock (50:50) Global Equity Index Tracker IE	✓		✓	0.35%/ 0.35%	50% FTSE All Share, 50% composite of overseas equity indices
BlackRock UK Equity Index Tracker IE		✓	✓	0.35%/ 0.35%	FTSE All Share Total Return Index
BlackRock World ex UK Equity Index Tracker IE		✓	✓	0.75%/ 0.75%	FTSE All World Developed World ex-UK Index
Fidelity Special Situations IE			✓	1.40%/ 1.40%	FTSE All Share Index
Newton Global Equity IE		✓	✓	0.90%/ 0.90%	MSCI AC World Equity Index (outperformance target of +2% per annum)

Threadneedle Global Equity Income FP			✓	1.03%/ 1.18%	MSCI AC World Equity Index
BlackRock Over 15 Year Gilt Index Tracker IE	✓	✓	✓	0.35%/ 0.35%	FTSE UK Gilts Over 15 Years Index
BlackRock Over 5 Year Index-Linked Gilt Index Tracker IE	✓	✓	✓	0.35%/ 0.35%	FTSE UK Index-Linked Gilts Over 5 Years Index
Invesco Perpetual Corporate Bond IE		✓	✓	1.00%/ 1.00%	IA £ Corporate Bond (peer group)
(Aviva) Money Market IE	✓	✓	✓	0.35%/ 0.35%	7 Day Sterling London Interbank Bid Rate

* Total Expense Ratio, or TER comprises the fund Annual Management Charge (AMC), additional expenses, member administration charge and platform charge.