

The Henkel Retirement Benefits Scheme (the 'Scheme')

SIP Implementation Statement for the Year Ended
31 December 2023

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Fran Browne

Joel Cliffe



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Section 1

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) produced by the Trustees has been followed during the year running from 1 January 2023 to 31 December 2023 (the “Scheme Year”). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Scheme Year, which was the SIP dated November 2022. It should be noted however, that an updated SIP was circulated in draft for signing in November 2023, with the final version being signed and implemented in January 2024.

Section 2 of this statement sets out the investment objectives of the Scheme and changes that have been made to the SIP during the Scheme Year, respectively.

Section 2 of this statement also sets out how, and the extent to which, the policies in the Defined Benefit (“DB”) Section and Defined Contribution (“DC”) Section of the SIP have been followed. **The Trustees can confirm that all policies in the SIP have been followed in the Scheme Year.**

A copy of the most recent SIP is available at <https://www.henkel.com/resource/blob/1104182/2233d9f7af87836d08fd1188fc9e3f78/data/henkel-retirement-benefit-plan-sip-january-2024.pdf>.

Sections 3 and 4 include information on the engagement and key voting activities of the underlying investment managers within each Section of the Scheme.

Section 2

Statement of Investment Principles

Investment Objectives of the Scheme

The Trustees believe it is important to consider the policies in place in the context of the objectives they have set.

DB Section

The objectives for the **DB Section** of the Scheme specified in the SIP are as follows:

The objectives of the Scheme included in the SIP are to invest the Scheme's assets in the best interests of the members and other stakeholders and, in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries. Within this context the Trustees' main objectives with regard to the investment policy are:

- To provide appropriate security for all beneficiaries;
- To achieve long-term growth whilst managing investment risks.

The Trustees recognise that the Company has a key role to play in assisting the Trustees to fulfil their primary responsibility of paying benefits and accordingly seeks to maintain the continued long-term support of the Company.

The Trustees are prepared to take some risk in order to achieve the objectives outlined above, including investing in alternative assets and buy and maintain credit. The Trustees ability and willingness to take such risk is subject to the principles outlined in Section 2.2 of the SIP.

DC section

The objectives for the **DC Section** of the Scheme specified in the SIP are as follows:

The Trustees recognise that members have different investment needs that may change over time. They also recognise that members may have different attitudes to risk. The Trustees believe that whenever possible, members should make their own investment choices based on their individual circumstances.

The Trustees' objective is to provide a range of investment options, which while avoiding complexity, should assist members in achieving the following:

- Maximising the value of retirement benefits, to ensure a reasonable standard of living in retirement;
- Protecting the value of benefits in the years approaching retirement against sudden volatility in capital value and fluctuations in the cost of providing benefits;
- Tailoring a member's investments to meet his or her own needs;

Additionally, the Trustees have established default investment options that are suitable for members who do not wish to make their own investment decisions. This option automatically invests members' savings based on their proximity to retirement, with the aim of achieving the aforementioned objectives.

The Trustees' Investment Consultant provides advice regarding the suitability of this approach.

Review of the SIP

The SIP was formally reviewed by the Trustees in November 2023, revising the contents in order to reflect:

1. changes to the investment strategy of the DB section, namely the termination of the Scheme's equity mandates, based on analysis presented as part of the strategy review carried out during June 2023;
2. the second phase of the implementation of changes to the investment strategy of the DC Section, based on the findings of the triennial strategy review carried out during November 2021, review the Socially Responsible Investment and Corporate Governance section, include the illiquid policy in relation to the Default Investment Options.

This version was signed on 23 January 2024, following the Scheme year-end.

Assessment of how the policies in the SIP have been followed during the Scheme Year

The information provided in this section highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP (dated January 2024), relating to the DB Section and DC Section of the Scheme.

In summary, it is the Trustees' view that the policies in the SIP have been followed during the Scheme Year.

Strategic Asset Allocation

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments

DB	DC
<p>Policy</p> <p>The Scheme invests 100% in matching assets (comprising of Liability Driven Investment (“LDI”) and Buy & Maintain Credit). This strategy has been in place since October 2023 following the June 2023 strategy review, following which the Scheme’s remaining 10% allocation to equities was terminated. The rationale behind this change in strategy was driven by discussion at the May 2023 ISC Meeting around the Scheme being very well-funded on a prudent basis whilst running an expected level of return significantly higher than the Technical Provisions discount rate, and therefore there was scope to de-risk and reduce the level of expected return within the portfolio.</p> <p>The DB Section also has a target hedge ratio of 95% of nominal and real interest rate exposure (on the Technical Provision basis for valuing the liabilities). The interest rate and inflation exposure from the LDI portfolio, together with the interest rate exposure from the Buy & Maintain Credit Fund, is used to achieve the required level of hedging.</p> <p>Within the DB Section, the Trustees monitor rebalancing ranges via the 6-monthly investment performance reports received from their investment consultant. Broadly, the asset portfolio is allowed to move in line with market movements, in a similar manner to how the Scheme’s liabilities would be expected to move.</p>	<p>Policy</p> <p>A range of asset classes has been made available, including: developed market equities, emerging market equities, multi-asset “diversified growth” funds, corporate bonds, fixed interest gilts and index-linked gilts.</p> <p>According to section 3.1 of the SIP, members can combine the investment funds in any proportion in order to achieve the desired balance between different kinds of investments that they deem appropriate for their needs. This balance of investments will also determine the expected return on a member’s assets and should be related to the member’s own risk appetite and tolerances.</p> <p>Each of the available funds is considered to be diversified across a reasonable number of underlying holdings / issuers. The current default investment option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets.</p>

DB	DC
<p>How has this policy been met over the Scheme Year?</p> <p>at the beginning of 2023, the Scheme’s global (ex-UK) and UK equity mandates were consolidated into one holding as part of the exercise undertaken to improve the Scheme’s ESG profile, with both mandates being transferred into a singular ESG-focused global equity mandate.</p> <p>In October, the equity allocation was fully redeemed as a de-risking step for the Scheme while further considerations were given to refinements to the hedging approach.</p> <p>The Trustees further believe that the current investment strategy is appropriate given the DB Section’s liability profile.</p> <p>There have been no changes to the LDI segregated mandate over the reporting period aside from the top-up of assets from the equity portfolio</p> <p>The Scheme’s asset allocation is allowed to drift with market movements given the nature of the holdings, although the Scheme does have a formal allocation to LDI and buy and maintain credit set out in the SIP which is kept under review.</p>	<p>How has this policy been met over the Scheme Year?</p> <p>The default investment option and self-select fund range were subject to their previous triennial investment strategy review on 11 and 24 November 2021. The following changes were agreed in respect of the equity allocation held within the growth phase of the Scheme’s default investment option and Lifetime Investment Programmes:</p> <ul style="list-style-type: none">o Reducing currency hedging from 100% to 50% of the overseas developed markets currency exposure;o Introduced a dedicated global smaller company allocation;o Introduced a dedicated minimum volatility equity allocation;o Introduced a dedicated ESG-aware equities allocation <p>Due to the heightened levels of global market volatility in the final months of 2022, particularly in respect of global currency exchange rates, the Trustees agreed that the changes should proceed in two stages. Accordingly, the Passive Global Equity Strategy Fund was launched for use in the Scheme’s three Lifetime Investment Programmes in November 2022 as planned, but with an interim asset allocation, as a first step, that moved halfway from previous 100% currency hedged position to the intended 50% level. The second phase of the change, and the launch of the Passive Global Equity Strategy as a self-select fund option took place at the end of May 2023.</p>

Expected return on investments

DB	DC
<p>Policy</p> <p>In designing the investment strategy for the DB Section, the Trustees have explicitly considered the trade-off between expected risk and returns.</p> <p>Over the long term, the Trustees expect the return on the DB Section's assets to be sufficient to meet its objectives.</p>	<p>Policy</p> <p>In designing the default investment option, the Trustees have explicitly considered the trade-off between expected risk and returns. The default Investment option invests in assets that are expected to grow, in excess of inflation, for the majority of a typical member's membership of the Scheme. As retirement approaches, these assets are gradually transferred into a pre-retirement multi-asset fund suitable for the respective target and a cash fund.</p> <p>For members wishing to self-select their investments, a focused range of investment funds covering developed market equities, emerging market equities, multi-asset "diversified growth" funds, pre-retirement funds, corporate bonds, fixed interest gilts and index-linked gilts. Members can combine these investment funds in any proportion in order to achieve the desired balance between different kinds of investments that they deem appropriate for their needs.</p>
<p>How has this policy been met over the Scheme Year?</p> <p>Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class the Trustees have appointed them for.</p> <p>The Trustees reviewed the performance of the funds over the year through two semi-annual performance reports, covering the six months to 31 March and 30 September 2023. The investment performance reports included details of how each investment manager had delivered against their specific mandates.</p>	<p>How has this policy been met over the Scheme Year?</p> <p>The Trustees reviewed the performance of the funds over the year through two semi-annual performance reports, covering the six months to 31 March and 30 September 2023. The reports included the risk and return characteristics of the default and additional investment fund choices.</p> <p>The investment performance reports included details of how each investment manager had delivered against their specific mandates.</p> <p>Alongside the considerations set out above, the Trustees monitored the performance of the default investment option relative to inflation and against equity market performance in order to consider long term growth as well as</p>

DB	DC
<p>No action was taken by the Trustees over the Scheme Year in respect of the investment manager failing to meet their investment objectives.</p>	<p>volatility reduction compared to global equities as the fund aims to mitigate the risk of large equity market downturns.</p> <p>No action was taken by the Trustees over the Scheme Year in respect of any managers failing to meet their investment objectives.</p>

Risks, including the ways in which risk are to be measured and managed

DB	DC
<p>Policy</p> <p>According to section 2.3 of the SIP, investment policy can be considered in two parts: (1) the strategic management, the setting of which is one of the fundamental responsibilities of the Trustees and (2) the day-to-day management of the assets, which has been delegated to the DB Investment Manager.</p>	<p>Policy</p> <p>According to section 3.2 of the SIP, The Trustees have considered risk from a number of perspectives including the default option, all of which the Trustees believe are financially material.</p> <p>The Trustees believe that the risks identified are best mitigated by offering members a range of investment funds from which to choose. This will allow members to select investment options appropriate to their personal requirements.</p> <p>The current and previous default investment option manages investment and other risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. Any investment in derivative instruments contributes to risk reduction, or efficient portfolio management.</p>

DB**How has this policy been met over the Scheme Year?**

As detailed in the risk sections in the SIP (for risks specific for the DB assets please refer to Section 2.2 of this statement, and to section 3.2 of the SIP for those specific to the DC assets). The Trustees consider both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.

The Scheme's investment advisers provide the Trustees with the following on a six-monthly basis up to 31 March and 30 September 2023, for each of the Scheme's investments:

- Investment returns and performance commentary
- Updates and developments, if applicable, for each manager and fund
- A Manager Research rating
- An ESG rating

The Trustees use Trustee meetings and Investment Sub-Committee meetings to ask further questions of the investment advisers, should any material concerns arise from the reporting and also will invite managers to present directly to the Trustees from time to time.

DC**How has this policy been met over the Scheme Year?**

Investment Mandates

Securing compliance with the legal requirements about choosing investments

DB

DC

Policy

The Trustees consider the investment objectives and policies when choosing investments either for the DB Section or DC Section of the Scheme. The Trustees receive written advice from their Investment Consultant on any investments prior to them being implemented. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

How has this policy been met over the Scheme Year?

Following consideration of how ESG integration can be improved within the Schemes' global equity portfolio. The Trustees agreed to fully redeem the Developed Global Equity (ex UK) and UK Equity mandates in order to implement the ACS World ESG Equity Tracker Fund during 2022, with implementation of this change completed in Q1 2023. In Q3 of 2023 these equity mandates were terminated given the de-risking process the Scheme went through.

In early 2023, improvements to the level of ESG integration within the buy and maintain credit that had been refined over 2022 were finalised. Buy and Maintain credit provided an opportunity to further integrate ESG into the Scheme's Investment portfolio, as by nature of its long-term investment horizon, this asset class is more sensitive to secular ESG and tail risks. By extension, it forces investment managers to consider how these risk may impact creditworthiness over the duration of the investment.

How has this policy been met over the Scheme Year?

Some changes were implemented in respect of the main DC Section during the Scheme Year. In all cases, the Trustees received formal suitability advice on the changes.

The following enhancements to the Scheme's investment arrangements were agreed by the Trustees, following advice from Mercer, were implemented during the Scheme Year ending 31 December 2023:

Within the equity allocation (50% of the growth phase of the default investment option):

(These changes were partly implemented in November 2022 and partly implemented in May 2023, owing to concerns around Pound Sterling exchange rates).

- o Reduced currency hedging from 100% to 50% of the overseas developed markets currency exposure;
- o Introduced a dedicated global smaller company allocation;
- o Introduced a dedicated minimum volatility equity allocation;

Prior to implementation of these changes, BlackRock explained that they tend to implement some of their ESG views by adjusting exposures at different maturities: for example, buying tobacco or auto bonds with short to medium maturity dates rather than long maturity dates. Removing some sectors (e.g. tobacco producers) altogether typically alters the underlying sector mix somewhat, however, some excluded sectors are not individually very large and therefore the impact on the overall risk and return level of the portfolio could be minimal, depending on the specific securities excluded.

As a result of the above, a number of amendments were made to the guidelines of the Buy and maintain Credit mandate with BlackRock, which looked to improve ESG integration on a forward-looking basis.

- o Introduced a dedicated ESG-aware equities allocation

Realisation of Investments

Policy - Both Sections

According to section 4.1 of the SIP, the Investment Manager has discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments within parameters stipulated in the relevant appointment documentation.

In the event of an unexpected need to realise all or part of the assets of the portfolio, the Trustees require the Investment Managers to be able to realise the Scheme's investments in a reasonable timescale, subject to the market conditions existing at the time the disposal is required and subject to the best interests of the Scheme. The majority of assets are not expected to take an undue time to liquidate.

DB**Policy**

The Trustees invest in segregated mandates with BlackRock, which can be traded on a daily basis as needed to meet cashflows.

How has this policy been met over the Scheme Year?

Over the year, assets were redeemed as needed to meet Cashflow needs and no liquidity issues were identified within the DB Section

DC**Policy**

Assets in the default investment option, alternative lifestyle strategies and self-select fund range are ultimately invested in daily traded pooled funds, which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by various investment managers. The selection, retention and realisation of assets within the pooled funds is at the discretion of the respective investment managers in line with the mandates of the funds.

How has this policy been met over the Scheme Year?

As part of the semi-annual investment performance monitoring, the Trustees monitor the fund range for any issues, including liquidity issues. As part of monitoring over the Scheme Year to 31 December 2023, no liquidity issues were identified within the DC Section.

Monitoring the Investment Managers

Incentivising asset managers to align their investment strategies and decisions with the Trustees policies

Policy – Both Sections

The Trustees' policy in relation to investments to be held is set out in section 4.2 of the SIP.

Managers are chosen based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.

DB	DC
<p>How has this policy been met over the Scheme Year?</p> <p>The buy and maintain credit portfolio has been designed to provide cash in the form of income and principal repayments in line with expected liability cashflows.</p> <p>However, should this not be sufficient to meet the cashflow requirements of the Scheme in full, the Scheme may be required to make disinvestments to make up the shortfall. The Scheme's LDI mandate with BlackRock can be traded on a daily basis, as needed, for this purpose.</p>	<p>How has this policy been met over the Scheme Year?</p> <p>The Trustees formally monitored the performance of the default investment option, additional default arrangements and self-select fund range on a six-monthly basis.</p> <p>There were no manager's appointments during the Scheme Year.</p>

Evaluation of asset managers' performance and remuneration for asset management services

Policy

The Trustees are long-term investors and are not looking to change the investment arrangements on a frequent basis. Managers' performance net of fees is therefore reviewed over both short and long-time horizons. Remuneration is agreed upon prior to manager appointment and is reviewed on a regular basis.

DB**How has this policy been met over the Scheme Year?**

The Trustees include a 3 year performance metric in their quarterly performance reports. The Trustees review this investment performance when meeting with BlackRock, and if the Trustees are not satisfied with the progress made in respect of performance, then further action or information would be sought.

If no further progress were to be made following this additional engagement, the Trustees could consider whether retaining the mandate is appropriate.

DC**How has this policy been met over the Scheme Year?**

The Trustees assessed the performance of the default investment option, additional default arrangements, and self-select funds through semi-annual performance reports. They received advice from the Investment Consultant, which included evaluating the investment performance after deducting management fees and determining if the Trustees' goals were being achieved.

In May 2023, the Trustees considered the performance and investment management charges applicable to its investment funds as part of its annual Value for Members assessment (for the year to 31 December 2022). The Trustees concluded that the fees charged for the Scheme's funds are generally competitive relative to peers but noted scope for further improvement. A subsequent review covering the Scheme year to 31 December 2023 was undertaken after the year end and reached the same conclusion.

Incentivising the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity

DB

Policy

The Trustees review the decisions made by their managers and can challenge such decisions to try to ensure the best long-term performance over the medium to long term. Managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustees are dissatisfied, then they will look to replace the manager.

How has this policy been met over the Scheme Year?

As BlackRock are compensated through the levels of assets held, the Trustee believes this creates alignment between managers and Trustees in their common objectives.

The Scheme's investment advisers aid the Trustees in monitoring the suitability of the investment options outlined in the SIP, through ongoing research and meetings (as part of their wider research function). Any changes of views regarding the funds in which the Scheme invests are communicated to the Trustees by their advisors.

No further action was taken by the Trustees over the Scheme Year to 31 December 2023.

DC

Policy

The Trustees review the decisions made by their managers and can challenge such decisions to try to ensure the best long-term performance over the medium to long term. Managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustees are dissatisfied, then they will look to replace the manager.

How has this policy been met over the Scheme Year?

The Trustees reviewed the performance of the default investment option, additional default arrangements and self-select funds via six-monthly performance reports and receive advice from the Investment Consultant, which includes considering the investment performance net of management fees, whether the Trustees' aims and objectives are being met and the ESG ratings provided by the Investment Adviser.

No further action was taken by the Trustees over the Scheme Year to 31 December 2023.

Monitoring portfolio turnover costs

Policy – Both Sections

The Trustees policy in relation to the monitoring of portfolio turnover costs is set out in section 4.2 of the SIP.

The Trustees do not define set ranges in respect of portfolio turnover and costs. For the DC Section, the Trustees will also consider transaction costs as a method to assess the level of additional costs incurred by members and as an indication of higher levels of turnover within a portfolio.

DB

DC

Policy

The Trustees policy in relation to the monitoring of portfolio turnover costs is set out in section 4.2 of the SIP.

The Trustees do not define set ranges in respect of portfolio turnover and costs. For the DC Section, the Trustees will also consider transaction costs as a method to assess the level of additional costs incurred by members and as an indication of higher levels of turnover within a portfolio.

How has this policy been met over the Scheme Year?

The Trustees do not define set ranges in respect of portfolio turnover and costs, and at present, do not explicitly monitor portfolio turnover costs.

How has this policy been met over the Scheme Year?

Transaction costs, using the 'slippage cost methodology' (as defined in COBS 19.8 of the FCA Handbook), are disclosed in the annual Chair's Statement. The transaction costs for each fund covers the buying, selling, lending and borrowing of the underlying securities in the fund by the investment manager. The Trustees consider the levels of transaction costs as part of their annual Value for Members assessment, carried out on an annual basis, and by publishing this information as part of the costs and charges disclosures mandated by regulations governing the Chair's Statement.

The Trustees consider the level of transaction costs as part of their annual Value for Members assessment, last carried out as at 31 December 2023. While the transaction costs provided appear to be reasonably reflective of costs expected of the various asset classes and markets that the Scheme invests in, there is no formal industry standard or universe to compare these to. The Trustees will assess these costs on an ongoing basis moving forwards and where appropriate with help from their investment adviser would challenge the level of costs incurred if they were assessed to be too high relative to expectations as this may indicate excessive turnover.

The duration of the arrangements with asset managers

Policy – Both Sections

There is no set duration for manager appointments. However, the appointments are regularly reviewed as to their continued suitability and could be terminated either because the Trustees are dissatisfied with the managers' ongoing ability to deliver the mandate promised, or because of a change of investment strategy by the Trustees.

DB	DC
<p>How has this policy been met over the Scheme Year?</p> <p>Following consideration of how ESG integration can be improved within the Schemes' global equity portfolio. The Trustees agreed to fully redeem the Developed Global Equity (ex UK) and UK Equity mandates in order to implement the ACS World ESG Equity Tracker Fund during 2022, with implementation of this change completed in Q1 2023.</p> <p>The equity mandates were later terminated in October 2023 following the investment strategy review.</p> <p>There is a marginal (< 0.1% of total assets) residual investment in private equity held within the investment portfolio, and over time the intention is for these assets to be sold down, with no new allocations are being made to this asset class.</p>	<p>How has this policy been met over the Scheme Year?</p> <p>The Trustees monitored the performance of the managers against their appointed mandates as part of their six-monthly performance reporting and Value for Members Assessment to ensure that they remained appropriate as part of the lifestyle or self-select range.</p> <p>No mandates were terminated during the Scheme Year.</p>

Environmental, Social and Governance (“ESG”)

Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments

Policy – Both Sections

The Trustees consider financially material considerations in the selection, retention, and realisation of investments. Within the funds consideration of such factors, including ESG factors, is delegated to the investment manager(s).

The Trustees have given the appointed investment managers 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.

Non-financial matters refer to the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impacts of investments and the future quality of life of members.

Member views have not been explicitly taken into account in the selection, retention and realisation of investments. The Trustees make available a self-select Ethical fund in the DC Section following a request from a member for this type of fund.

DB and DC

How has this policy been met over the Scheme Year?

Over the Scheme Year, the Trustees received and assessed performance reports, which include research ratings on both general and specific environmental, social, and governance (ESG) factors provided by the investment advisers. Throughout the year, the managers generally maintained high ratings.

The Trustees acknowledge that managers of fixed income and certain diversified growth funds may not have high ESG ratings assigned by the investment consultant. This is due to the nature of these asset classes, where it can be more challenging to engage with debt issuers or establish ESG measurements for derivative strategies.

DB and DC

Section 4.2 of the Scheme's Statement of Investment Principles (SIP) outlines the Responsible Investment policy, which covers ESG factors, stewardship, and climate change. This policy reflects the Trustees' beliefs regarding ESG and climate change, as well as the processes they follow for voting rights and stewardship.

The Trustees recognise that ESG factors can significantly impact investment risk and returns, and that effective stewardship can generate and preserve value for companies and markets as a whole. They also acknowledge that long-term sustainability issues, particularly climate change, present both risks and opportunities that may require explicit consideration.

The investment performance report includes how each investment manager is delivering against their specific mandates.

The Trustees did not explicitly seek member views regarding any investments or arrangements over the period covered by this statement.

The Trustees may incorporate the views of members with respect to the fund range offered. Member views have not explicitly been taken into account in the selection, retention and realisation of investments, although feedback received from members is welcomed and considered by the Trustees.

DC Section

ESG ratings were reviewed as part of the Value for Members Assessment during the Scheme Year, as well as through semi-annual performance reports.

Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustees would monitor and engage with relevant persons about relevant matters).

Policy – Both Sections

The Trustees have given the appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

Where deemed appropriate, the Trustees will engage with investment managers regarding undertaking of activities in respect of investments if they are deemed to be falling behind wider peers or not meeting the responsibilities expected of them.

DB and DC

How has this policy been met over the Scheme Year?

Both Sections

The Trustees have delegated their voting rights to the investment managers. As such, this activity is expected to be undertaken on the Trustees' behalf. The Trustees do not use the direct services of a proxy voter, however the investment managers may enlist the service of a proxy voter when required.

During the year under review, the Trustees did not consider it necessary to actively challenge the investment managers on their voting activity.

Following the previous update to the SIP, which includes the Trustees updated policies relating to engagement with investment firms and the exercising of voting rights, the Trustees have requested information on the voting activity for all funds which hold equities within the Scheme.

As the Plan invests in pooled funds within the DC Section, the Trustees have delegated their voting rights and engagement with investee companies to the investment managers. As such, this activity is expected to be undertaken on the Trustees' behalf. The Trustees do not use the direct services of a proxy voter, however the investment managers may enlist the service of a proxy voter when required.

DB and DC

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022, updated Guidance was produced which is effective for all scheme year ends on or after 1 October 2022. The Trustees are required to include a description of what they believe to be a significant vote within the Implementation Statement and to set out information on significant votes undertaken on their behalf over the Scheme year.

In setting their approach, the Trustees had regard to the content of the Scheme's SIP as it relates to the Trustees policies on "Socially Responsible Investment and Corporate Governance" (which covers both sections of the Scheme), the relevant parts of which are set out below:

"The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a 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 recognize that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustees have given the appointed investment managers 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."

Based on this, the Trustees designated a priority area in each of Environmental, Social and Governance areas, which are summarized as below:

- **Environmental** - Climate change: low-carbon transition and physical damages resilience / Pollution & natural resource degradation: air, water, land (forests, soils and biodiversity)
- **Social** - modern slavery, pay & safety in workforce and supply chains and abuses in conflict zones
- **Governance** – Broad governance i.e. a vote on a proposal that would be at odds with the expectations of the UK Corporate Governance Code, or which has the potential to significantly impact financial or stewardship outcomes.

Also, where possible, a screen related to size is included, specifically that the stock in question is in the top 10 largest holdings of the portfolio (with specific focus given to those holdings of >1% of the fund market value), to ensure that the votes being classified as significant represent a meaningful portion of the relevant portfolio.

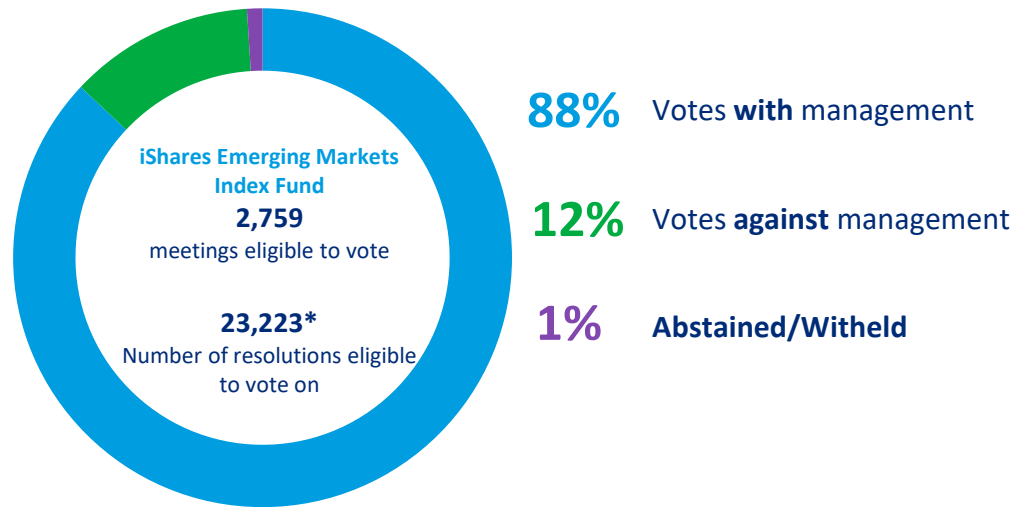
See below for further details on the voting activity of the investment managers over the year to 31 December 2023.

Section 3

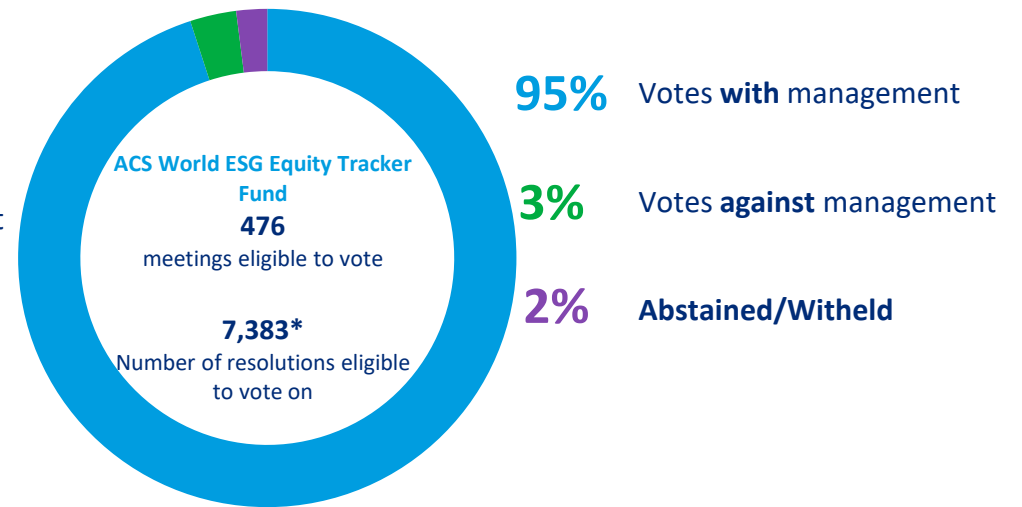
Voting Activity during the Scheme Year

DB

Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DB Section of the Scheme. The information below was provided by the Investment Manager and the data contained refers to the whole Scheme Year given that data to the termination dates in October 2023 were unavailable at the time of writing.



*99% of resolutions voted on



*98% of resolutions voted on

Source: BlackRock, data may not sum due to rounding.

Information regarding BlackRock voting policy can be found at <https://www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf>

Most significant votes

The Trustees has defined significant votes as those related to climate change (e.g. For example: a vote requiring publication of a business strategy that is aligned with the Paris Agreement on climate change; resolutions on climate related activities that would result in significant biodiversity loss) and Financial Risk. To ensure that the votes being classified as significant represent a meaningful portion of the relevant portfolio the top 10 largest holdings of each portfolio will be analysed. The votes included below are all those that the Trustees believe to be most significant for the DB Section of the Scheme. and reflect only the Scheme's investments in the ACS World ESG Equity Tracker and iShares Emerging Market Funds given the Scheme disinvested from the UK Equity Index and Currency Hedged World ex UK Equity Funds at the start of 2023.

Fund	Portion of the fund market value at date of redemption (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
iShares Emerging Markets Index Fund	6.41%	Taiwan Semiconductor Manufacturing	06/06/2023	Amend Procedures for Endorsement and Guarantees	Against	Such transactions could expose company to unnecessary risks	✗	Financial Risk
iShares Emerging Markets Index Fund	6.41%	Taiwan Semiconductor Manufacturing	06/06/2023	Approve Business Operations Report and Financial Statements	For		✓	Financial Risk
iShares Emerging Markets Index Fund	3.95%	Tencent Holdings Limited	17/05/2023	Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights	Against	This authority is not in shareholders' best economic interests as it would give the board excessive discretion	✗	Financial Risk

Fund	Portion of the fund market value at date of redemption (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
iShares Emerging Markets Index Fund	3.95%	Tencent Holdings Limited	17/05/2023	Elect Jacobus Petrus (Koos) Bekker as Director	Against	Audit Committee without majority independence. Remuneration Committee without majority independence. The nomination committee is not majority independent.	✗	Financial Risk
iShares Emerging Markets Index Fund	3.77%	Samsung Electronics Co.	15/05/2023	Approve Financial Statements and Allocation of Income	For		✓	Financial Risk
iShares Emerging Markets Index Fund	3.77%	Samsung Electronics Co.	15/05/2023	Approve Total Remuneration of Inside Directors and Outside Directors	For		✓	Financial Risk
iShares Emerging Markets Index Fund	2.68%	Alibaba Group Holding Limited	28/09/2023	Elect Director Kabir Misra	For	The Chairman of the board is not independent, and a lead independent director has not been identified.	✓	Financial Risk



Fund	Portion of the fund market value at date of redemption (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
iShares Emerging Markets Index Fund	2.68%	Alibaba Group Holding Limited	28/09/2023	Ratify PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the U.S. and Hong Kong Auditors of the Company	For		✓	Financial Risk
iShares Emerging Markets Index Fund	1.15%	Meituan	06/30/2023	Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights for Class B Shares	Against	This authority is not in shareholders' best economic interests as it would give the board excessive discretion	✗	Financial Risk
iShares Emerging Markets Index Fund	1.15%	Meituan	06/30/2023	Authorize Board to Fix Remuneration of Directors	For		✓	Financial Risk
ACS World ESG Equity Tracker Fund	4.98%	Apple Inc.	10/03/2023	Report on Civil Rights and Non-Discrimination Audit	Against	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures	✗	Financial Risk
ACS World ESG Equity	4.98%	Apple Inc.	10/03/2023	Adopt a Policy Establishing an Engagement Process with Proponents to Shareholder Proposals	Against	The company already has policies in place to address the request being made by the	✗	Financial Risk

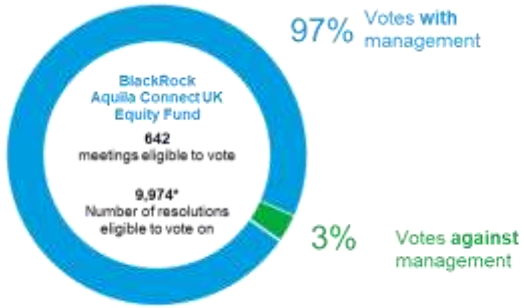
Fund	Portion of the fund market value at date of redemption (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
Tracker Fund						proposal, or is already enhancing its relevant policies		
ACS World ESG Equity Tracker Fund	2.34%	Amazon.com, Inc.	24/05/2023	Report on Climate Risk in Retirement Plan Options	Against	The company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies	✗	Climate Change
ACS World ESG Equity Tracker Fund	2.34%	Amazon.com, Inc.	24/05/2023	Report on Impact of Climate Change Strategy Consistent With Just Transition Guidelines	Against	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures	✗	Climate Change
ACS World ESG Equity Tracker Fund	2.00%	NVIDIA Corporation	22/06/2023	Advisory Vote to Ratify Named Executive Officers' Compensation	For		✓	Financial Risk
ACS World ESG Equity	2.00%	NVIDIA Corporation	22/06/2023	Advisory Vote on Say on Pay Frequency	For		✓	Financial Risk

Fund	Portion of the fund market value at date of redemption (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
Tracker Fund								
ACS World ESG Equity Tracker Fund	1.16%	Meta Platforms, Inc.	31/05/2023	Report on Government Take Down Requests	For		✓	Climate Change
ACS World ESG Equity Tracker Fund	1.16%	Meta Platforms, Inc.	31/05/2023	Report on Human Rights Impact Assessment of Targeted Advertising	Against	We recognize the Company's efforts to date, but believe that supporting the proposal may accelerate company's progress on material social issues	✗	Social (Human Rights)
ACS World ESG Equity Tracker Fund	1.12%	Tesla, Inc.	16/05/2023	Report on Key-Person Risk and Efforts to Ameliorate It	Against	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company	✗	Financial Risk
ACS World ESG Equity	1.12%	Tesla, Inc.	05/16/2023	Elect Director Elon Musk	For		✓	Financial Risk

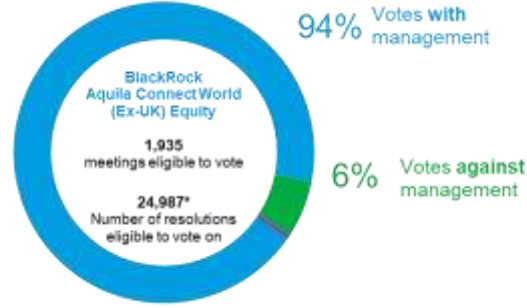
Fund	Portion of the fund market value at date of redemption (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
Tracker Fund								
ACS World ESG Equity Tracker Fund	1.08%	UnitedHealth Group Incorporated	05/06/2023	Report on Congruency of Political Spending with Company Values and Priorities	Against	the company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	✗	Financial Risk

DC

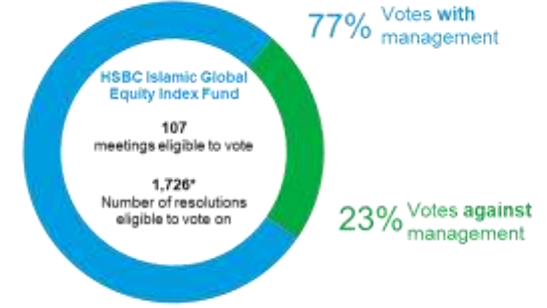
Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DC Section of the Scheme. Voting activity has been requested from all managers but at the time of writing this report, not all managers have responded. We will continue to chase the managers to receive this information. **Votes “for / against management”** assess how active managers are in voting for and against management. **Purple** represents abstentions.



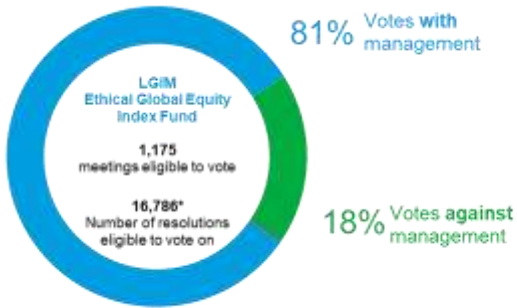
*99.7% of resolutions voted on



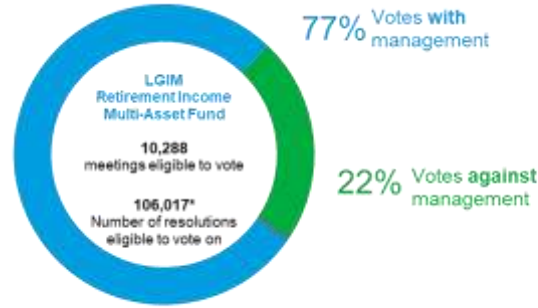
*98.0% of resolutions voted on



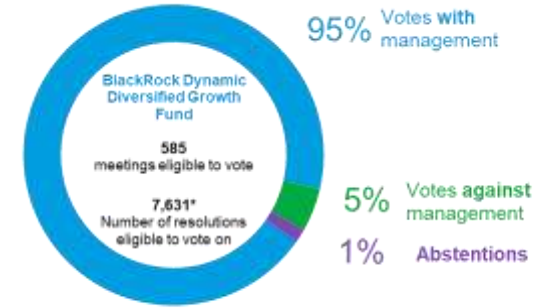
*95.9% of resolutions voted on



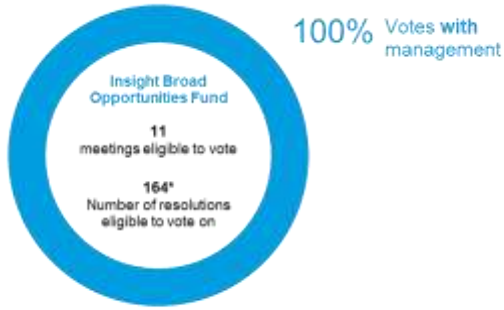
*99.9% of resolutions voted on



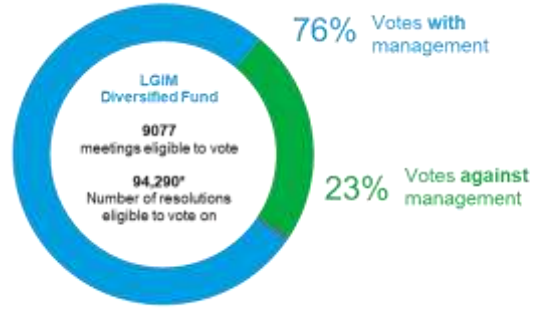
*99.8% of resolutions voted on



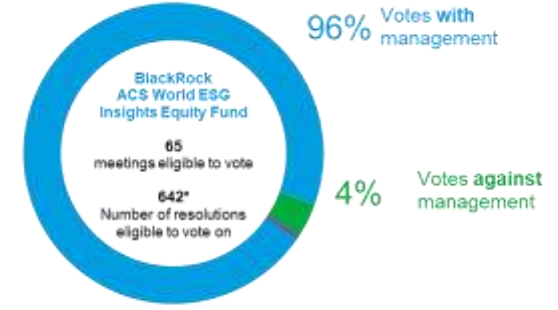
*92.1% of resolutions voted on



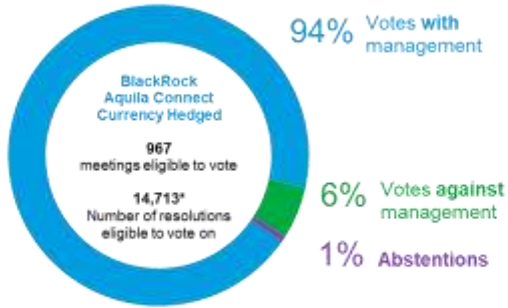
*100.0% of resolutions voted on



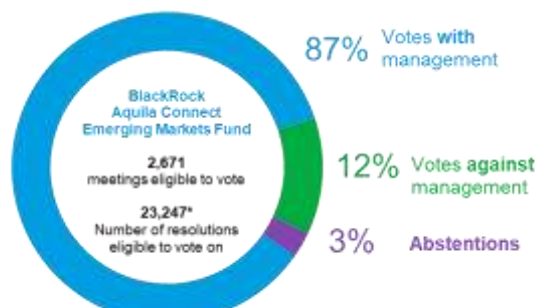
*99.8% of resolutions voted on



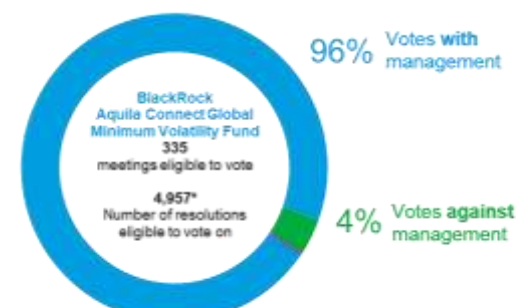
*100.0% of resolutions voted on



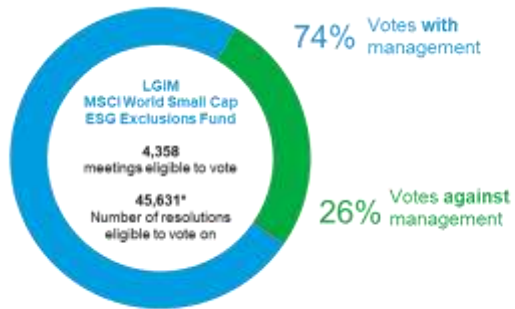
*97.9% of resolutions voted on



*98.7% of resolutions voted on



*97.9% of resolutions voted on



*99.8% of resolutions voted on

Source: Aviva as at 31 December 2023. Data may not sum due to rounding.

Most significant votes

Managers have provided examples of significant votes across the funds. It is not possible to disclose all the information received in this statement so, where possible, a screen related to size is included, specifically that the stock in question is in the top 10 largest holdings of the portfolio, to ensure that the votes being classified as significant represent a meaningful portion of the relevant portfolio. Under this criteria, one vote per fund was chosen. Therefore, examples of voting activity to include in this statement were included focusing on priority areas agreed by the Trustees previously mentioned related to Environmental, Social and Governance themes.

Where the investment manager's rationale for voting against greater disclosure / review of areas of the Trustees priorities on the grounds that it is *against Shareholders interests* we have challenge the manager further on 1) on why that was and 2) how that reconciles with their stewardship objectives more generally, given the issues at hand.

✗ Resolution not passed ✓ Resolution passed

Fund	Approx. Size of Holding (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale for the Manager vote	Final outcome following the vote	Significant Vote Theme
BlackRock Aquila Connect UK Equity Fund	7.58	Shell Plc	23/05 /2023	Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement	Against	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company. BlackRock have ongoing direct dialogue with companies to explain its views and how they evaluate their actions on relevant ESG issues over time. Where BlackRock have concerns that are not addressed by these conversations, they may vote against management for their action or inaction.	✗	Environmental (Climate Change)

Fund	Approx. Size of Holding (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale for the Manager vote	Final outcome following the vote	Significant Vote Theme
BlackRock Dynamic Diversified Growth Fund	Not disclosed	Amazon.com, Inc.	24/05 /2023	Report on Efforts to Reduce Plastic Use	Against	The company already provides sufficient disclosure and/or reporting regarding this issue or is already enhancing its relevant disclosures. The Trustee has raised the issue with BlackRock but had not received a response at the time of writing.	✗	Environmental (Climate Change)
LGIM Retirement Income Multi-Asset Fund	0.34	Prologis, Inc.	04/05 /2023	Elect Director Jeffrey L. Skelton	Against	A vote against is applied as LGIM expects a company to have at least one-third women on the board.	✓	Governance (Diversity)
LGIM Diversified Fund	0.21	Toyota Motor Corp.	14/06 /2023	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	For	LGIM supports climate lobbying for a net-zero economy. They seek more transparency and improved governance from Toyota in their climate lobbying efforts. Clear alignment with decarbonisation targets and policies is crucial.	✗	Environmental (Climate Change)
BlackRock Aquila Connect World (Ex-UK) Equity Fund	0.42	Chevron Corporation.	31/05 /2023	Oversee and Report a Racial Equity Audit	Against	The company already has policies in place to address the request being made by the proposal or is already enhancing its relevant policies.	✗	Social (Human Rights)

Fund	Approx. Size of Holding (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale for the Manager vote	Final outcome following the vote	Significant Vote Theme
						The Trustee has raised the issue with BlackRock but had not received a response at the time of writing.		
BlackRock Aquila Connect Global Minimum Volatility Fund	0.19	Chubu Electric Power Co., Inc.	28/06 /2023	Amend Articles to Require Disclosure of Capital Allocation Policy Aligned with a Net Zero by 2050 Pathway	Against	The proposal will not serve shareholder's interest. The Trustee has raised the issue with BlackRock but had not received a response at the time of writing.	✗	Environmental (Climate Change)
BlackRock Aquila Connect Currency Hedged MSCI World Index Fund	0.11	Mitsubishi Corp.	23/06 /2023	Amend Articles to Disclose Greenhouse Gas Emission Reduction Targets Aligned with Goals of Paris Agreement	Against	The proposal will not serve shareholder's interest.	✗	Environmental (Climate Change)
HSBC Islamic Global Equity Index Fund	7.60	Microsoft Corporation	12/07 /2023	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	HSBC considers the quantum of the total pay excessive. The vesting period is not sufficiently long. The performance measurement period is not sufficiently long.	✗	Governance (Remuneration)

Fund	Approx. Size of Holding (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale for the Manager vote	Final outcome following the vote	Significant Vote Theme
Insight Broad Opportunities Fund	0.60	Aquila European Renewables Income Fund plc	05/06 /2023	To approve the continuation of the Company as an investment trust	For	Insight voted in favor of the resolution for a continuation of the company as this would allow time to evaluate the success of initiatives outlined above. Shareholders will have a further opportunity to vote on the continuation of the company in Q3 2024 which has been brought forward from 2027.	✓	Governance
LGIM Ethical Global Equity Index Fund	2.60	NVIDIA Corporation	22/06 /2023	Elect Director Stephen C. Neal	Against	Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Average board tenure: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	✗	Governance (Diversity)