

The Henkel Retirement Benefits Scheme (the ‘Scheme’)

The Henkel Retirement Benefits Scheme (the ‘Scheme’) Annual Statement of Investment Principles Implementation Statement – 31 December 2022

Introduction

This statement, written for the benefit of the members of the Henkel Retirement Benefits Scheme (the ‘Scheme’), sets out how, and the extent to which, the Statement of Investment Principles (‘SIP’) produced by the Trustee has been followed over the 12 months to 31 December 2022. The Trustees want to let the Members of the Henkel Retirement Benefits Scheme (‘the Scheme’) know that new regulations now require certain additional information to be given to you on strategic investment decisions. We now describe how Scheme investments are responsibly invested, considering environmental, social and governance factors (‘ESG’).

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 to 31 December 2022. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

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.

The Scheme has both a Defined Benefit (“DB”) section and a Defined Contribution (“DC”) section. The table later in the document sets out how, and the extent to which, the policies in the DB Section and DC Section of the SIP have been followed.

Members should be aware that this Statement is part of a wider set of information available on the Scheme’s governance and investment responsibilities undertaken by the Trustees:

- Members can view the Scheme’s SIP (mentioned above) on the Company’s website which discloses, in detail, the investment principles, policies, objectives, and strategy followed. [<https://www.henkel.com/resource/blob/1104182/268778f04feaea98046f3d8ecccc96d/data/henkel-retirement-benefit-plan-sip-december-2022-approved-version.pdf>]
- Members can request a copy of the Annual Report and Financial Statements of the Scheme, which contains certain information on the management of the Scheme, its governance, investment risks management and level of Trustees’ knowledge and understanding.

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Statement of Investment Principles

Investment Objectives of the Scheme

DB Section

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. 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 equities, 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 Trustees recognise that members have differing investment needs which may change during the course of their working lives. They also recognise that members may have different attitudes to risk. The Trustees believe that where possible the members should make their own investment decisions 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.

The Trustees have also established a default investment option, which is appropriate for any member not wishing to make their own investment decisions, and which automatically invests member’s savings, depending on how far they are from retirement, with the aim of achieving the above noted objectives.

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

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Review of the SIP

The SIP was formally reviewed by the Trustees in November 2022, revising the contents in order to reflect changes to the investment strategy of the DC section, based on the findings of the triennial strategy review carried out during November 2021. This version was signed on 19 December 2022.

Assessment of how the policies in the SIP have been followed for the year to 31 December 2022

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 Trustee’s policies in the SIP.

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 and the balance between different kinds of investments

Policy

DB Section

The Scheme invests 90% in matching assets (such as Liability Driven Investment (“LDI”) and Buy & Maintain Credit) and 10% in growth assets (UK, Global ex-UK and Emerging Market equity). This strategy has been in place for a number of years following a request by the Company to change the Scheme’s investment strategy to reduce the risk of deterioration in the Scheme’s funding level.

Post Scheme-year end, 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-focussed global equity mandate.

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.

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.

DC Section

The Henkel Retirement Benefits Scheme (the ‘Scheme’)

Whilst the Trustees aim to make available a range of investments which have been researched and recommended by their advisers the members are responsible for selecting the fund(s) that best suit their personal objectives and meet their risk tolerances. If members do not self-select their funds their contributions will be invested in the default investment option that the Trustees have set up, based on recommendations from their advisers having reviewed the profile of the Scheme’s DC membership. The Trustees recognise that no single investment strategy can accurately reflect how, and when, every individual member will take his or her benefits in retirement. The default investment option can only be expected to offer the potential for good investment outcomes for those members whose retirement plans align, either by default or by member election, with the strategy as designed.

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.

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. 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.

The default investment option and self-select fund range were subject to their triennial investment strategy review on 11 and 24 November 2021. The strategic asset allocation, de-risking glidepaths, implementation approach (in terms of fund type, management style and asset allocations) were reviewed as part of this exercise. The review confirmed that the overall strategy and benefit targeted by the default investment option remained appropriate, having regard to the breakdown of member holdings and Scheme-specific and industry-wide retirement trends. Changes to the investments used in the default investment option were implemented during the Scheme year and the strategy remains consistent with this policy in the SIP.

How has this policy been met over the Scheme Year?

DB Section

The Trustees believe that the DB investment strategy provides for adequate diversification both within and across different asset classes and sectors. The Trustees further believe that the current investment strategy is appropriate given the DB Section’s liability profile.

There have been no changes to the segregated mandate over the reporting period, outside of some rebalancing back to the target hedge ratios of 95% for interest rates and inflation. This followed the recalibration of the Scheme’s Liability Benchmark Portfolio (“LBP”), a Scheme specific cashflow profile which serves as an investible benchmark that the Scheme’s investment manager can use to construct an accurate hedging portfolio.

The Scheme’s asset allocation is allowed to drift with market movements; it has moved away from the current target allocation, last revised in June 2018. This is due to a combination of market movements over the period and disinvestments made from the portfolio to meet cash flows.

DC Section

The Henkel Retirement Benefits Scheme (the ‘Scheme’)

The default investment option and self-select fund range were subject to their triennial investment strategy review on 11 and 24 November 2021. The strategic asset allocation, de-risking glidepaths, implementation approach (in terms of fund type, management style and asset allocations) were reviewed as part of this exercise. The review confirmed that the overall strategy and benefit targeted by the default investment option remained appropriate, having regard to the breakdown of member holdings and Scheme-specific and industry-wide retirement trends. Changes to the investments used in the default investment option were implemented during the Scheme year and the strategy remains consistent with this policy in the SIP.

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 2022:

- **Within the Diversified Growth Strategy (50% of the growth phase of the default investment option and a standalone self-select fund):**
 - The 33.3% allocation to the Aviva Investors Multi-Strategy Target Return Fund was replaced by an allocation to the Insight Broad Opportunities Fund. This change was made in April 2022.
- **Within the equity allocation (50% of the growth phase of the default investment option):**
 - replaced the existing passive global equity fund with a new blended fund, the Passive Global Equity Strategy, that featured the following enhancements:
 - Removed of the overweight to UK equities in favour of a broader global exposure;
 - Currency hedged 50% of the overseas developed markets currency exposure*;
 - Introduced a dedicated global smaller companies allocation*;
 - Introduced a dedicated minimum volatility equity allocation*;
 - Introduced a dedicated ESG-aware equities allocation*

This change was implemented in November 2022. Those items marked * were partly implemented, owing to concerns around Pound Sterling exchange rates, with the second and final phase of implementation scheduled to take place in May 2023.

- **Within the self-select fund range:**
 - Introduce the HSBC Islamic Global Equity Index Fund for members requiring a Sharia-compliant investment option. This fund became available from November 2022.

Expected return on investments

DB Section

Over the long term, the Trustees expect the return on the DB Section’s assets to be sufficient to meet its objectives.

DC Section

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In designing the default investment option, the Trustees have explicitly considered the trade-off between risk and expected 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.

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.

How has this policy been met over the Scheme Year?

DB Section

The Trustees' investment consultant provides a six-monthly performance report, which is reviewed by the Trustees. The reports include information on how each manager performed against their mandate over both the short-term and long-term.

DC Section

The Trustees' investment consultant provides a six-monthly performance report, which is reviewed by the Trustees. The reports include information on how each manager performed against their mandate – this includes the risk and return characteristics of the default investment option and additional investment options and considers these against stated aims and objectives.

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 volatility reduction compared to global equities as the fund aims to mitigate the risk of large equity market downturns.

No action was taken by the Trustees over the Scheme year in respect of any managers failing to meet their investment objectives but a change to one of the three underlying fund managers in the Diversified Growth Strategy blended fund was agreed in November 2021, following a prolonged period of disappointing performance and concerns about the stability of the investment team going forwards, and implemented in April 2022.

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

Policy

Both Sections

The Trustees recognise risk (both investment and operational) from a number of perspectives in relation to the DB and DC Sections, including the Default Investment Option.

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DC Section

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.

The Trustees have considered risk from a number of perspectives in relation to the DC Section, including the default investment options, all of which the Trustees believe are financially material. 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.

How has this policy been met over the Scheme Year?

Both Sections

As detailed in the risk sections in the SIP (for risks specific for the DB assets please refer to Section 2.2, 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 advisor supplies the Trustees with the following on a six-monthly basis 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 advisor, should any material concerns arise from the reporting and also will invite managers to present directly to the Trustees from time to time.

DB Section

In regards to the Scheme’s investments in pooled investment vehicles, the Trustees 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. For the Scheme’s segregated mandates (Liability Driven Investment “LDI” and buy and maintain credit), the investment restrictions and guidelines have been structured in line with the Trustees’ investment policies and objectives.

DC Section

The Henkel Retirement Benefits Scheme (the 'Scheme')

As detailed in the risk table in the SIP, the Trustees consider both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation and the choice of fund managers, funds and asset classes.

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.

The Trustees also review the investment reports, which monitors the risk and return characteristics and research ratings of the Scheme's investment options.



Investment Mandates

Securing compliance with the legal requirements about choosing investments

Policy

Both Sections

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?

DB Section

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.

DC Section

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.

In November 2021, the Trustees, with advice from Mercer, reviewed the Scheme's AVC policies with Utmost Life and agreed that members, all of whom were invested in the Utmost Life Money Market Fund, should be mapped into appropriate investments within the Scheme's main DC investment arrangements with Aviva, on the basis that the range of investment options available offered better value for members. This transition occurred, as expected, during the month of April 2022.

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The following enhancements to the Scheme’s investment arrangements were agreed by the Trustees, following advice from Mercer, and were implemented during the Scheme year ending 31 December 2022:

- **Within the Diversified Growth Strategy (50% of the growth phase of the default investment option and a standalone self-select fund):**
 - The 33.3% allocation to the Aviva Investors Multi-Strategy Target Return Fund was replaced by an allocation to the Insight Broad Opportunities Fund. This change was made in April 2022.
- **Within the equity allocation (50% of the growth phase of the default investment option):**
 - replaced the existing passive global equity fund with a new blended fund, the Passive Global Equity Strategy, that featured the following enhancements:
 - Removed of the overweight to UK equities in favour of a broader global exposure;
 - Currency hedged 50% of the overseas developed markets currency exposure*;
 - Introduced a dedicated global smaller companies allocation*;
 - Introduced a dedicated minimum volatility equity allocation*;
 - Introduced a dedicated ESG-aware equities allocation*

This change was implemented in November 2022. Those items marked * were partly implemented, owing to concerns around Pound Sterling exchange rates, with the second and final phase of implementation scheduled to take place in May 2023.

During the Scheme Year, the Trustees’ Investment Consultancy provider objectives were also reviewed and updated, with Trustees signing these off as appropriate.

Realisation of Investments

Policy

Both Sections

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.

DB Section

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

DC Section

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,

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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?

Both Sections

Section 4.1 of the SIP details the approach to the realisation of investments for both the DB and DC assets.

DB Section

The cashflow policy for the DB section has been reviewed and amended by the Trustees in 2021 following the removal of BlackRock as the fiduciary manager to the Scheme during 2020.

In the first instance, surplus cash arising from the Fund’s buy & maintain credit portfolio should be used to meet cash outflows. 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. Both the Scheme’s pooled and segregated investments with BlackRock can be traded on a daily basis, as needed, for this purpose.

DC Section

As part of the semi-annual investment performance monitoring, the Trustees monitor the fund range for any issues, including liquidity issues. Following monitoring over the Scheme year to 31 December 2022, 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 Trustee’s 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 Section

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Where 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 LDI and buy and maintain mandates within the DB section are actively managed, have been designed with the aim of achieving a return in excess of the liability profile of the fund, while limiting downside risk.

How has this policy been met over the Scheme Year?

DC Section

The Trustees monitor the performance of the default strategy, additional default arrangements and self-select ranges bi-annually. Although no mandates were terminated over the period, in previous years the Trustees have terminated appointments where the managers were not meeting long-term performance targets.

Following the triennial Investment Strategy Review undertaken in November 2021 the Trustees agreed to replace Aviva Investors Multi-Strategy with the Insight Broad Opportunities Fund within the Diversified Growth Strategy blended fund (used in the default investment option and part of the self-select fund range). This change was to be implemented following the year end.

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

Policy

Both Sections

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.

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.

How has this policy been met over the Scheme Year?

DB Section

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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 Section

The Trustees reviewed the performance of the default investment option, additional defaults 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 and whether the Trustees’ aims and objectives are being met.

In May 2022, 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 2021). The Trustees concluded that the fees charged for the Scheme’s funds are competitive relative to peers based on the relevant asset sizes and performance had been in line with objectives. A subsequent review covering the Scheme year to 31 December 2022 was undertaken after the year end and reached the same conclusion.

Were the Trustees are not satisfied with the progress that managers have made in respect of performance, further information would be requested from the managers and further action considered. The Aviva Investors Multi-Strategy was removed from the Diversified Growth Strategy blended fund in April 2022 following a prolonged period of disappointing performance and concerns about the stability of the investment team going forwards.

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

Policy

Both Sections

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?

DB Section

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

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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 with appointed investment reviews (as part of their wider research function) from both an ESG perspective as well as overall management of the fund.

No further action was taken by the Trustees over the period covered by this statement.

DC Section

The Trustees reviewed the performance of the default investment option, additional defaults 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 consultant.

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 with appointed investment reviews (as part of their wider research function) from both an ESG perspective as well as overall management of the fund. Voting records are addressed later in this statement.

Beyond that which is already highlighted above, no further action was taken by the Trustees over the Scheme year to 31 December 2022.

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.

How has this policy been met over the Scheme Year?

DB Section

The Trustees do not define set ranges in respect of portfolio turnover and costs, and at present, do not monitor portfolio turnover costs. They will look to do so in the future.

DC Section

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.

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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 2022. 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 not as yet any 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 the 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.

How has this policy been met over the Scheme Year?

DB Section

There were no terminations of arrangements within the DB Section of the Scheme over the year to 31 December 2022.

There is a residual investment in private equity, and over time the intention is for the private equity assets to decrease as investments are sold.

No new allocations are being made to this asset class.

DC Section

Following the triennial Investment Strategy Review undertaken on 11 and 24 November 2021, and with the agreement of the Trustees, the Aviva Investors Multi-Strategy, the Mercer manager research rating for which had been downgraded following concerns over performance and turnover within the investment team, was replaced by the Insight Broad Opportunities Fund within the Diversified Growth Strategy blended fund (used in the growth phase of the Scheme’s default investment option and part of the self-select fund range). This change was implemented in April 2022.

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Following a review of the Scheme’s AVC policy with Utmost Life, which was undertaken on 11 and 24 November 2021, it was agreed that members (all of whom were invested in the Utmost Life Money Market Fund) should be mapped into appropriate investments, relative to their respective terms to retirement, within the Scheme’s main DC investment arrangements with Aviva. These changes were implemented in April 2022.

The Trustee 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.



ESG Stewardship and Climate Change

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 expect the underlying managers to evaluate ESG factors, including climate change considerations, 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. As a result, the Trustees have given the Investment Managers full discretion when evaluating ESG issues and in exercising rights and stewardship obligations attached to the Scheme’s investments.

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 ESG fund in the DC Section following a request from member for this type of fund.

How has this policy been met over the Scheme Year?

Both Sections

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The Trustees receive and review investment performance reports on a six-monthly basis – these include ratings (both general and specific ESG) from the investment advisers. All of the managers remained generally highly rated during the year.

The Trustees acknowledge that managers in fixed income and some diversified growth funds do not have an ESG rating assigned by the investment consultant due to the nature of the asset class where it is harder to engage with the issuer of debt, or harder to establish ESG measurement for derivative strategies.

Section 4.2 of the Scheme’s SIP includes the Responsible Investment policy on ESG factors, Stewardship and Climate Change. This policy sets out the Trustees’ beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship.

The Trustees believe that 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 recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly 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 during the Scheme year as part of the Value for Members Assessment and via semi-annual performance reports.

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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 Trustee 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. As a result, the Trustees have given the Investment Managers full discretion when evaluating ESG issues and in exercising rights and stewardship obligations attached to the Scheme's investments

Outside of those exercised by investment managers on behalf of the Trustees, no other engagement activities are undertaken. 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.

The Trustees will review the investment managers' policies and engagement activities (where applicable) on an annual basis.

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 update to the SIP during the year 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.

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.

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The updated Guidance requires trustees to include a description of what they believe to be a significant vote within the Implementation Statement. The voting information is also expected to include details explaining why each vote was categorised as most significant, what the vote was, and why the manager voted in the way it did.

In setting out the approach taken, 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 recognise 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 summarised 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 relevant 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.

DB Section

As the Plan invests in pooled equity funds, 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.

See below for further details on the voting activity of the investment managers over the year to 31 December 2022.

The Trustees have given the appointed investment manager (BlackRock Investment Management) full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with its own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustees, with the assistance of the Investment Consultant, independently monitor how well these factors are incorporated into the investment process through the assignment of ESG ratings and periodic presentations from the manager.

The Henkel Retirement Benefits Scheme (the ‘Scheme’)

The Trustees requested that the Scheme’s investment manager confirm compliance with the principles of the UK Stewardship Code. BlackRock Management confirmed that they have been a signatory of the UK Stewardship code since April 2010. Additionally, BlackRock have recently been confirmed as a signatory to the 2020 UK Stewardship Code (the Code).

BlackRock (the Scheme’s investment manager) advocates for sound corporate governance and sustainable business practices that result in long-term value creation for their clients. The BlackRock Investment Stewardship team engages companies to provide feedback on their practices and inform BlackRock’s voting. They focus on a range of issues that fall within each of the ESG categories where they assess whether there is potential for material long-term financial impact on a company’s performance. They engage with companies held in index and active portfolios alike to encourage them to adopt the robust business practices consistent with sustainable long-term performance.

Engagement is core to BlackRock’s stewardship program as it helps them assess a company’s approach to governance, including the management of relevant environmental and social factors. To that end, they conduct approximately 3,600 engagements in the reporting year on a range of ESG issues likely to impact their client’s long-term economic interests. BlackRock meet with executives and board directors, communicate with the company’s advisors, and engage with other shareholders where appropriate.

BlackRock are a founding member of the Task Force on Climate-related Financial Disclosures (TCFD) and since 2017 have been working to increase the transparency of their climate related disclosures. One of BlackRock’s most recent steps towards furthering a global approach to combating climate change was taken in January 2020 through their decision to join Climate Action 100+, a group which engages with companies to improve climate disclosure and align business strategy with the goals of the Paris Agreement.

BlackRock have also commented that engagements include multiple company meetings during the year with the same company and that most engagement conversations cover multiple topics. All of their voting is based on their voting and engagement priorities.

Voting Activity during the Scheme year

The Trustees have delegated their voting rights to the investment manager, BlackRock.

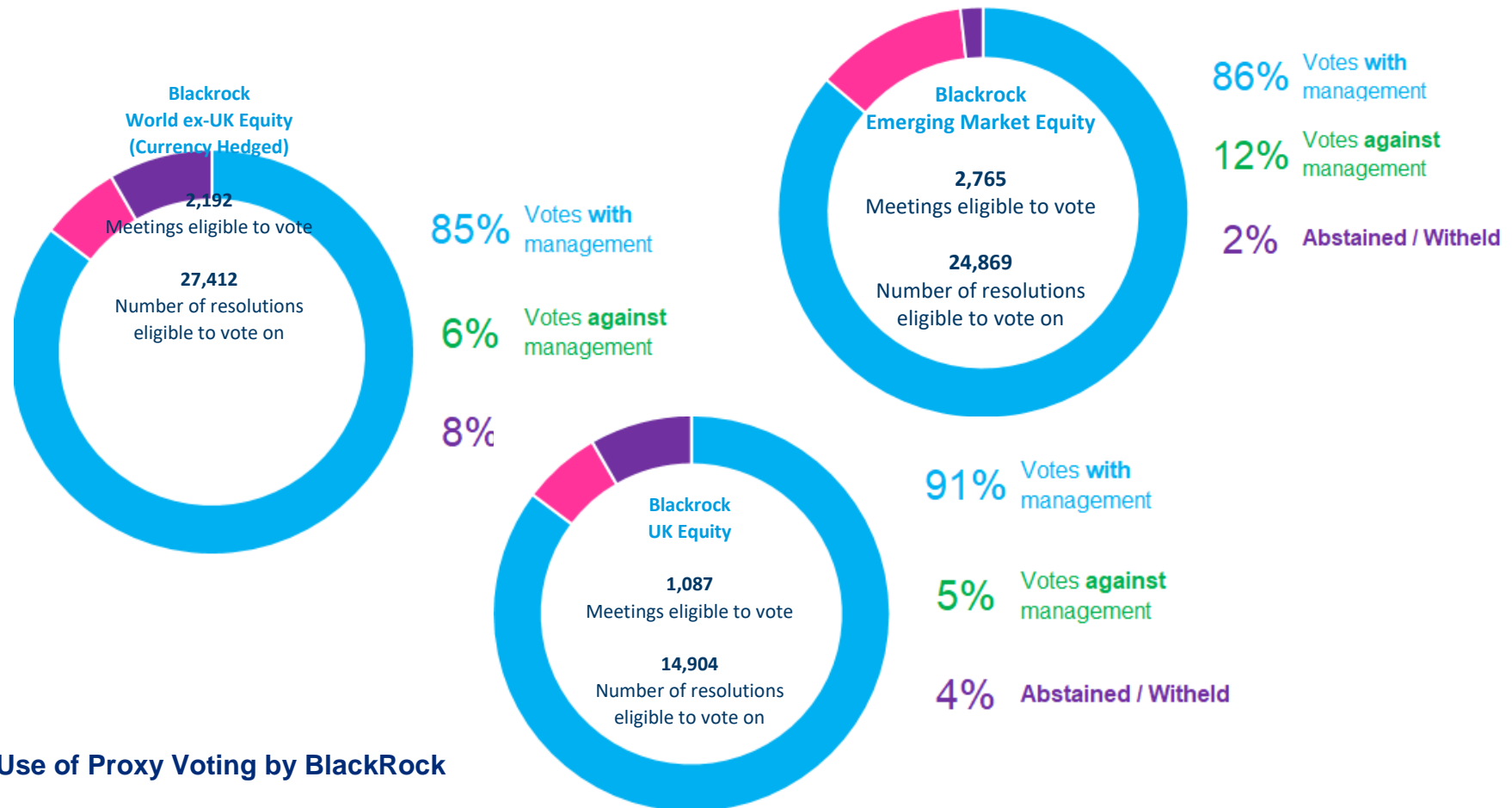
As noted in the section above, the Scheme invests in both a segregated LDI mandate, and a buy and maintain credit holding. As an LDI investor, BlackRock have limited scope for engagement as they have no voting rights. In regards to the buy and maintain credit investment, again there is limited power as bond investors to formally vote on engagement issues. Despite this challenge, BlackRock do formally engage with companies to get greater clarity and raise issues that concern them.

Where they do have voting rights, BlackRock votes annually at approximately 18,000 shareholder meetings, taking a case-by-case approach to the items put to a shareholder vote. BlackRock analysis is informed by their internally developed proxy voting guidelines, pre-vote engagements, research, and the situational factors at a particular company.

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 Henkel Retirement Benefits Scheme (the 'Scheme')

Set out below is a summary of voting activity for this reporting period (based on the proposals voted on) relating to the relevant strategies in the DB Section of the Scheme. Votes "for **against management**" assess how active managers are in voting for and against management. Purple represents **abstention or withheld votes**.



Use of Proxy Voting by BlackRock

The Henkel Retirement Benefits Scheme (the ‘Scheme’)

Manager Use of proxy voting

BlackRock




BlackRock’s proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas (“AMRS”), Asia-Pacific (“APAC”), and Europe, Middle East and Africa (“EMEA”) - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock’s Global Principles and custom market-specific voting guidelines. BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, as one among many inputs into their vote analysis process, and BlackRock state they do not blindly follow their recommendations on how to vote. BlackRock primarily use proxy research firms to synthesize corporate governance information and analysis into a concise, easily reviewable format so that their investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial; to manage client accounts in relation to voting and facilitate client reporting on voting. Other sources of information include the company’s own reporting, engagement and voting history with the company, and the views of its active investors, public information and ESG research.








Sample of significant votes

Managers have provided examples of significant votes across the funds previously noted as containing equity. It is not possible to disclose all the information received in this statement. Therefore, examples of voting activity to include in this statement were included focusing on areas including climate change/carbon emissions, separation of the role of CEO/Board Chairman and board diversity. The final outcome column on the page overleaf represents the result of the Resolution after all the votings: Passed (✓) or Not-Passed (✗).

The Henkel Retirement Benefits Scheme (the ‘Scheme’)

Fund	Company	Approx. Size of Holding at date of vote	Meeting Date	How the manager voted	Summary of the Resolution	Priority Area	Rationale from Manager for the vote	Final outcome
Aquila Life Currency-hedged World ex-UK Equity Fund	Apple Inc.	4% of Fund market value	03/01/2022	Against	Approve Revision of Transparency Reports	Financial risk	Apple provides sufficient information on Transparency Reports	
Aquila Life Currency-hedged World ex-UK Equity Fund	Apple Inc.	4% of Fund market value	03/01/2022	For	Report on Concealment Clauses	Financial risk	Apple has a business conduct policy that provides for the right for employees to speak freely	
Aquila Life Currency-hedged World ex-UK Equity Fund	Apple Inc.	4% of Fund market value	03/01/2022	Against	Report on Civil Rights Audit	Financial risk	A third-party audit would strengthen the company's actions on this topic	








The Henkel Retirement Benefits Scheme (the 'Scheme')

Aquila Life Currency-hedged World ex-UK Equity Fund	Microsoft Corporation	3.7% of Fund market value	13/12/2022	Against	Report on Cost/Benefit Analysis of Diversity and Inclusion. Report on Hiring of Persons with Arrest or Incarceration Records. Report on Government Use of Microsoft Technology. Report on Development of Products for Military.	Financial risk	Company already has policies in place to address these issues.	
Aquila Life Currency-hedged World ex-UK Equity Fund	Microsoft Corporation	3.7% of Fund market value	13/12/2022	Against	Report on Tax Transparency.	Financial risk	The Report on Tax Transparency are regulated by local, state and federal governments and company policy should be left to the board absent demonstrable harm to shareholders by prior board action or inaction.	
Aquila Life Currency-hedged World ex-UK Equity Fund	Microsoft Corporation	3.7% of Fund market value	13/12/2022	Against	Assess and Report on the Company's Retirement Funds' Management of Systemic Climate Risk	Environment al (Climate change)	Company already has policies in place to address these issues.	
Aquila Life Currency-hedged World ex-UK Equity Fund	Amazon.co m, Inc.	1.5% of Fund market value	25/05/2022	Against	Report on Retirement Plan Options Aligned with Company Climate Goals	Environment al risk (climate change)	The company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies	
Aquila Life Currency-hedged World ex-UK Equity Fund	Amazon.co m, Inc.	1.5% of Fund market value	25/05/2022	For	Report on Efforts to Reduce Plastic Use	Environment al risk (Climate change)	The company does not meet our expectations for disclosure of natural capital policies and/or risk.	

The Henkel Retirement Benefits Scheme (the 'Scheme')

Aquila Life Currency-hedged World ex-UK Equity Fund	Amazon.com, Inc.	1.5% of Fund market value	25/05/2022	For	Report on Lobbying Payments and Policy	Environmental risk (climate change)	Shareholders would benefit from greater disclosure related to political activities and/ or lobbying	<input checked="" type="checkbox"/>
Aquila Life Currency-hedged World ex-UK Equity Fund	Alphabet Inc.	1.1% of Fund market value	01/06/2022	Against	Report on Risks Associated with Use of Concealment Clauses Report on Charitable Contributions Publish a Tax Transparency Report	Environmental (Climate risk)	The company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company. These matters are regulated by local, state and federal governments and company policy should be left to the board absent demonstrable harm to shareholders by prior board action or inaction.	<input type="checkbox"/>
Aquila Life Currency-hedged World ex-UK Equity Fund	Alphabet Inc.	1.1% of Fund market value	01/06/2022	For	Report on Metrics and Efforts to Reduce Water Related Risk	Environmental and Governance (Climate risk+ racial equality)	We believe it is in the best interests of shareholders to have access to greater disclosure on this issue	<input checked="" type="checkbox"/>
Aquila Life Currency-hedged World ex-UK Equity Fund	Alphabet Inc.	1.1% of Fund market value	01/06/2022	Against	Report on Risks Associated with Use of Concealment Clauses	Financial risk	The company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies.	<input type="checkbox"/>
Aquila Life Currency-hedged World ex-UK Equity Fund	Alphabet Inc.	1.1% of Fund market value	01/06/2022	For	Approve Recapitalization Plan for all Stock to Have One-vote per Share	Financial risk	We believe that one vote per share is in the best interest of long term shareholders	<input checked="" type="checkbox"/>

The Henkel Retirement Benefits Scheme (the 'Scheme')

Aquila Life Currency-hedged World ex-UK Equity Fund	Alphabet Inc.	1.1% of Fund market value	01/06/2022	Against	Establish an Environmental Sustainability Board Committee	Environment al (Climate Change)	The company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies	
Aquila Life Currency-hedged World ex-UK Equity Fund	Alphabet Inc.	1.1% of Fund market value	01/06/2022	Against	Commission Third Party Study and Report on Risks Associated with Use of Rekognition	Financial risk	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	
Aquila Life Currency-hedged World ex-UK Equity Fund	Alphabet	1.1% of Fund market value	01/06/2022	Against	Report on Lobbying Payments, Policy Report on Climate Lobbying and Report on Physical Risks of Climate Change	Financial risk	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	
Aquila Life Currency-hedged World ex-UK Equity Fund	Alphabet	1.1% of Fund market value	01/06/2022	Against	Report on Lobbying Payments, Policy Report on Climate Lobbying and Report on Physical Risks of Climate Change	Financial risk	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	
Aquila Life UK Equity Fund	Diageo Plc	3.5% of Fund market value	06/10/2022	Abstain	Re-elect Ireena Vittal as Director	Financial risk	Nominee serves on an excessive number of public company boards, which we believe raises substantial concerns about the director's ability to exercise sufficient oversight on this board.	
Aquila Life UK Equity Fund	GlaxoSmith Kline Plc	2.5% of Fund market value	04/05/2022	For	Approve Remuneration Policy	Financial risk	Poor use of remuneration committee discretion regarding increases. Remuneration arrangements are poorly structured.	
Aquila Life UK Equity Fund	GlaxoSmith Kline Plc	c.£0.1m	04/05/2022	For	Re-elect Vindi Banga as Director	Financial risk	Remuneration committee discretion has been used poorly. Remuneration	

The Henkel Retirement Benefits Scheme (the 'Scheme')

							arrangements are poorly structured.	
iShares Emerging Markets Index Fund	China Construction Bank Corporation	1.0% of Fund market value	23/06/2022	Against	Elect Graeme Wheeler as Director	Financial risk	The Company does not have sufficient climate risk disclosures against all the four pillars of the TCFD framework. The chair of the Related Party Transaction, Social responsibility and consumer committee is considered responsible for oversight on ESG issues.	<input type="checkbox"/>
iShares Emerging Markets Index Fund	Meituan	1.6% of Fund market value	18/05/2022	For	Authorize Reissuance of Repurchased Shares	Financial risk	This authority is not in shareholders' best economic interests as it would give the board excessive discretion on terms of issuance.	<input checked="" type="checkbox"/>
iShares Emerging Markets Index Fund	Tencent Holdings Limited	4.2% of Fund market value	23/06/2022	Against	Elect Graeme Wheeler as Director	Financial risk	The Company does not have sufficient climate risk disclosures against all the four pillars of the TCFD framework. The chair of the Related Party Transaction, Social responsibility and consumer committee is considered responsible for oversight on ESG issues.	<input type="checkbox"/>
iShares Emerging Markets Index Fund	Tencent Holdings Limited	4.2% of Fund market value	23/06/2022	For	Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights	Financial risk	This authority is not in shareholders' best economic interests as it would give the board excessive discretion on terms of issuance.	<input checked="" type="checkbox"/>

The Henkel Retirement Benefits Scheme (the 'Scheme')

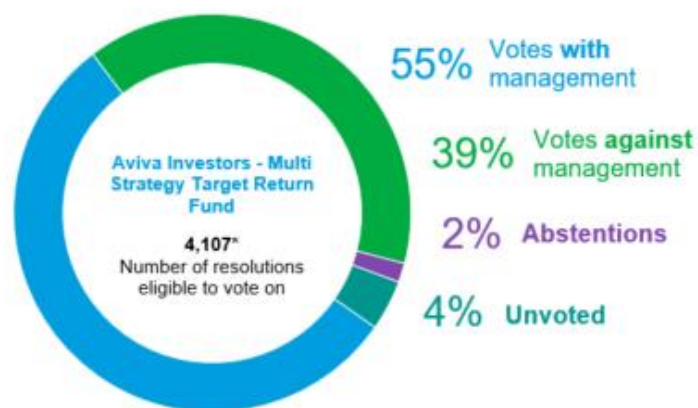
DC Section

As the Plan invests in pooled funds, 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.

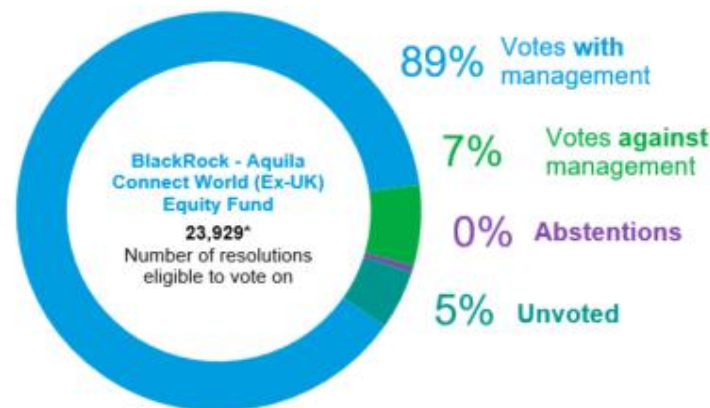
See below for further details on the voting activity of the investment managers over the year to 31 December 2022.

Voting Activity during the Scheme year

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. **Green** represents abstention.

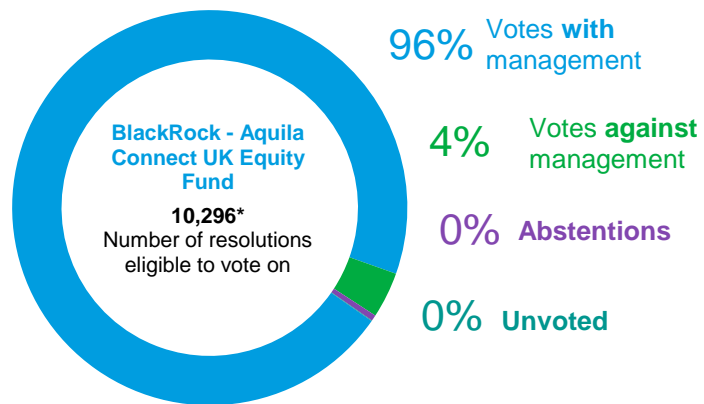


*95.9% of resolutions voted on

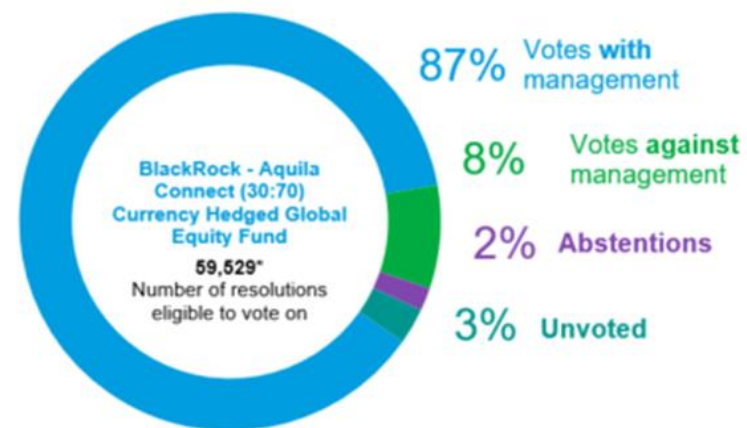


*95.2% of resolutions voted on

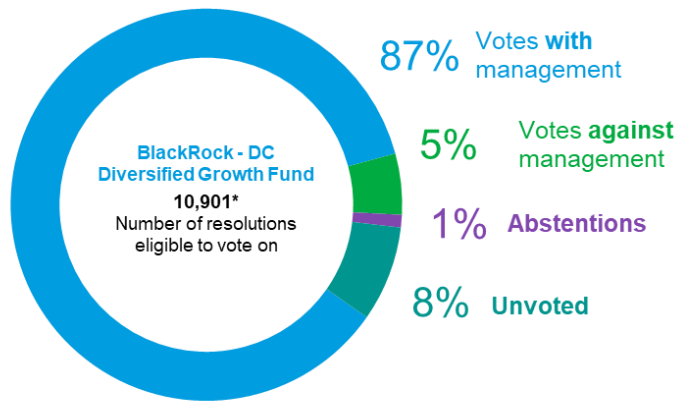
The Henkel Retirement Benefits Scheme (the 'Scheme')



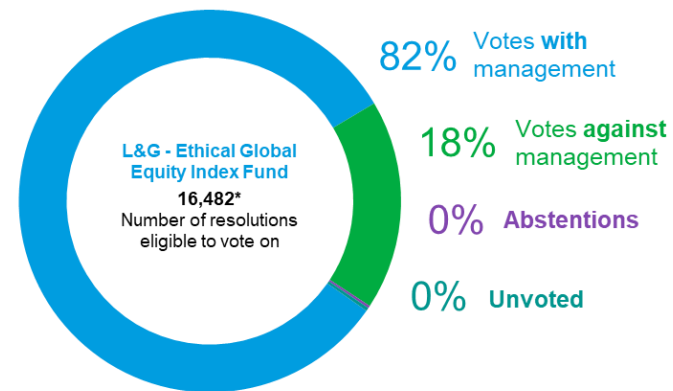
*100% of resolutions voted on



*97.3% of resolutions voted on

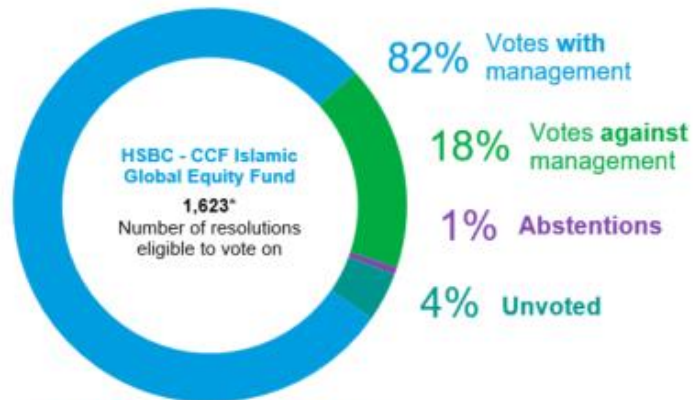


*92.1% of resolutions voted on

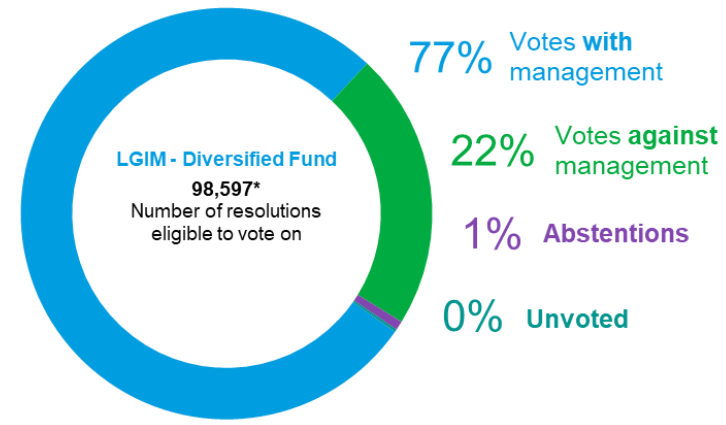


*99.7% of resolutions voted on

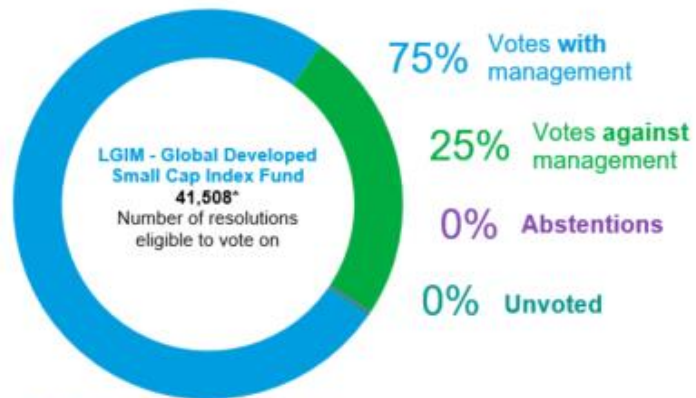
The Henkel Retirement Benefits Scheme (the 'Scheme')



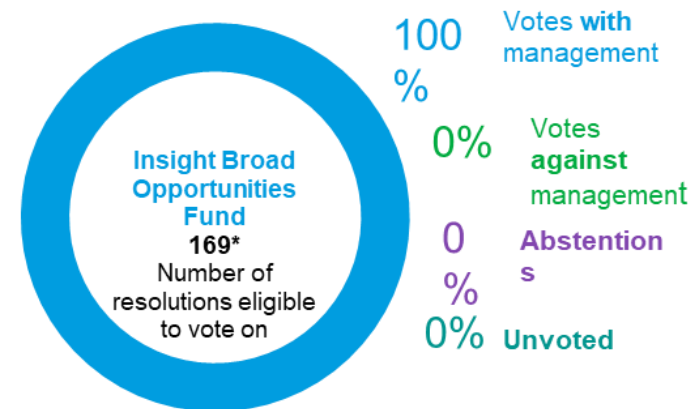
*95.8% of resolutions voted on



*99.8% of resolutions voted on

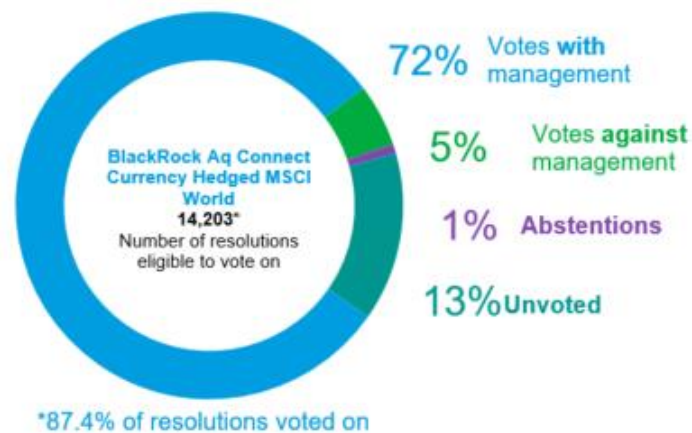
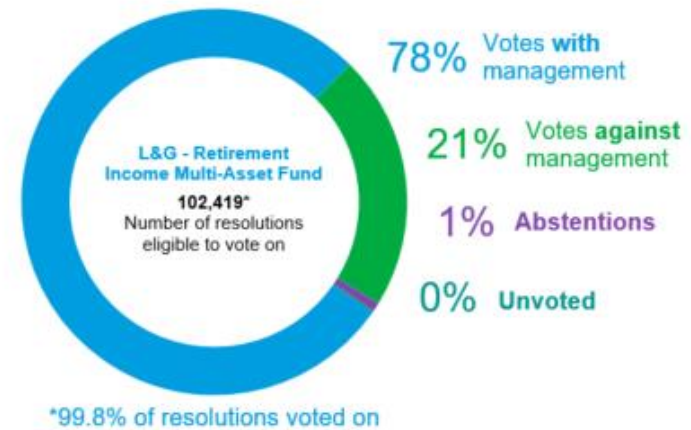
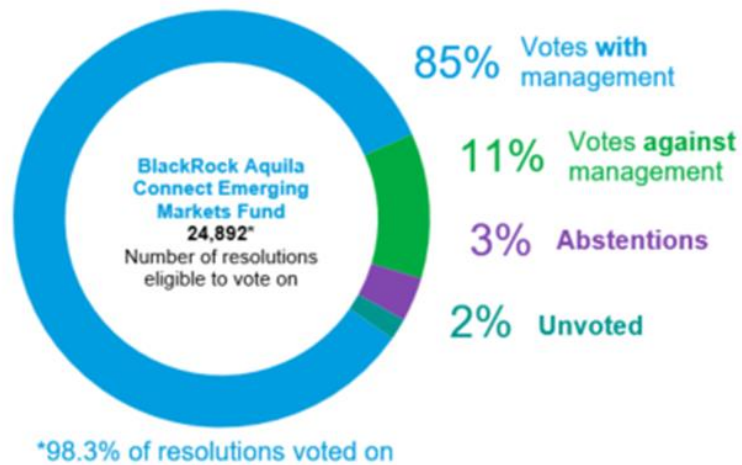


*99.7% of resolutions voted on



*100% of resolutions voted on

The Henkel Retirement Benefits Scheme (the 'Scheme')



The Henkel Retirement Benefits Scheme (the ‘Scheme’)

Use of Proxy Voting by the Managers

Manager	Use of proxy voting
Aviva	Aviva subscribes to proxy advisory services for independent research and recommendations including recommendations based on their own policy (where certain resolutions will be referred to them for further consideration). These providers include the IVIS service, ISS-Ethix and MSCI. They use research for data analysis only as they have their own robust voting policy, which is applied to all their holdings. They also take into consideration the views of the fund manager and the conversations with the company through their voting specific engagement.
BlackRock	BlackRock’s proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas (“AMRS”), Asia-Pacific (“APAC”), and Europe, Middle East and Africa (“EMEA”) - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock’s Global Principles and custom market-specific voting guidelines. BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, as one among many inputs into their vote analysis process, and BlackRock state they do not blindly follow their recommendations on how to vote. BlackRock primarily use proxy research firms to synthesize corporate governance information and analysis into a concise, easily reviewable format so that their investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial; to manage client accounts in relation to voting and facilitate client reporting on voting. Other sources of information include the company’s own reporting, engagement and voting history with the company, and the views of its active investors, public information and ESG research.
LGIM	LGIM’s Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions.
Insight	Insight utilise Minerva to analyse resolutions against Insight-specific voting policy templates to determine the direction of the vote, where applicable. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote. Minerva Analytics monitors company meeting agendas and items to be voted on. Minerva reviews each vote against Insight’s specific criteria and provides a recommendation for each item. Insight votes in line with the recommendations of the proxy voting agent and documents where it makes a voting decision against the recommendation. The rationale for, abstaining or voting against the voting recommendation is retained on the Minerva platform on a case-by-case basis.
HSBC	HSBC use the leading voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application of their voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene our guidelines. HSBC review voting policy recommendations according to the scale of their overall holdings. The bulk of holdings are voted in line with the recommendation based on their guidelines.

The Henkel Retirement Benefits Scheme (the ‘Scheme’)



Sample of significant votes

Managers have provided examples of significant votes across the funds previously noted as containing equity. It is not possible to disclose all the information received in this statement. Therefore, examples of voting activity to include in this statement were included focusing on areas including climate change/carbon emissions, separation of the role of CEO/Board Chairman and board diversity. The final outcome column below represents the result of the Resolution after all the votings: Passed (✓) or Not-Passed (✗).

Fund	Company	Approx. Size of Holding at date of vote	Date	How the manager voted	Summary of the Resolution	Priority Area for Henkel significance	Rationale for the Manager vote	Final outcome
Aviva Investors - Multi Strategy Target Return Fund	Home Depot Inc	0.12	19/05/2022	For	Report on Efforts to Eliminate Deforestation in Supply Chain	Environmental (Climate Change)	Aviva supported this resolution as it asked management to assess, report on and reduce key impacts and dependencies on nature for high impact sectors.	✗
BlackRock - Aquila Connect UK Equity Fund	Rio Tinto	2.74	24/05/2022	Against	Approve the Spill Resolution	Environmental (Climate Change)	Proposal is not in the best interest of shareholders.	✗
BlackRock - Aquila Connect World (Ex-UK) Equity Fund	Amazon.com, Inc.	1.77	25/05/2022	Against	Report on Median Gender/Racial Pay Gap	Social (Human Rights)	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures..	✗
BlackRock - DC Diversified Growth Fund	Elevance Health Inc (Formerly Anthem, Inc).	N/A	18/05/2022	For	Oversee and Report a Racial Equity Audit	Social (Human Rights)	BlackRock believe it is in the best interests of shareholders to have access to greater disclosure on this issue.	✗

The Henkel Retirement Benefits Scheme (the 'Scheme')

Fund	Company	Approx. Size of Holding at date of vote	Date	How the manager voted	Summary of the Resolution	Priority Area for Henkel significance	Rationale for the Manager vote	Final outcome
BlackRock 30 70 Currency Hedged	Amazon.com, Inc.	1.69	25/05/2022	Against	Commission Third Party Report Assessing Company's Human Rights Due Diligence Process	Environmental (Climate Change)	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	<input checked="" type="checkbox"/>
HSBC – CCF Islamic Global Equity Fund	Microsoft Corporation	7.56	13/12/2022	Against	Advisory Vote to Ratify Named Executive Officers' Compensation	Governance (Remuneration)	The company is on HSBC's UK Excessive Pay watchlist, which means the quantum of the CEO pay is beyond what we believe fair and appropriate for the size and complexity of the business.	<input checked="" type="checkbox"/>
L&G - Ethical Global Equity Index Fund	Apple Inc	6.97	04/03/2022	For	Report on Civil Rights Audit	Governance (Diversity)	A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.	<input checked="" type="checkbox"/>
L&G - Retirement Income Multi-Asset Fund	Rio Tinto Plc	0.14	08/04/2022	Against	Approve Climate Action Plan	Environmental (Climate Change)	LGIM recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while they acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, they remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.	<input checked="" type="checkbox"/>

The Henkel Retirement Benefits Scheme (the 'Scheme')

Fund	Company	Approx. Size of Holding at date of vote	Date	How the manager voted	Summary of the Resolution	Priority Area for Henkel significance	Rationale for the Manager vote	Final outcome
L&G - Diversified Fund	Royal Dutch Shell Plc	0.28	24/05/2022	Against	Approve the Shell Energy Transition Progress Update	Environmental (Climate Change)	A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, they remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.	<input checked="" type="checkbox"/>
L&G Global Developed Small Cap Index Fund	DXC Technology Company	0.13	26/07/2022	Against	Elect Director Raul J. Fernandez	Governance	A vote against is applied as LGIM expects companies not to recombine the roles of Board Chair and CEO without prior shareholder approval.	<input checked="" type="checkbox"/>

Source: Underlying Fund Managers